

*A Report by the California Public Employees' Retirement System*

*the*

CALIFORNIA

INVESTMENT

FOCUS

POWERING CALIFORNIA'S ECONOMY

*Year Ended June 30, 2002*



The California Public Employees' Retirement System (CalPERS) is the nation's largest public pension fund with assets at June 30, 2002 of approximately \$143 billion.

Headquartered in Sacramento, CalPERS provides retirement and health benefit services to more than 1.3 million people and more than 2,500 public employers. The System also operates eight regional offices located in San Francisco, Glendale, Orange County, Fresno, Sacramento, San Bernardino, San Diego, and Mountain View.

CalPERS is led by a 13-member Board of Administration, consisting of member-elected, appointed, and ex-officio members.

Our membership consists of 982,177 active and inactive members from the State, school districts, and local public agencies, and 388,126 retirees, beneficiaries, and survivors. Established by legislation in 1931, the System became operational in 1932 for State employees only. In 1939, other public agencies were allowed to contract with CalPERS to provide retirement benefits for their employees. We began administering health benefits to State employees in 1962 under the Public Employees' Medical and Hospital Care Act. Local public agencies joined in our health program on a contract basis five years later.


### CalPERS Board of Administration

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*Chief Executive Officer*

## WHY A REPORT ON CALIFORNIA INVESTMENTS?

Every day, we receive questions from members, stakeholders, the business community, and the general public about CalPERS California investments: In what California-based companies does CalPERS hold investments? Are we large, medium or small holders of stock in publicly-held companies? What does our in-state real estate profile look like? With California considered a cutting-edge state, where has CalPERS identified exciting opportunities in which to invest?

Many people want to know what sectors of the economy CalPERS invests in and why. what percent of our portfolio is invested in California?

and how does someone with a good idea for a California investment (or any other investment) get their idea considered?

The questions we are asked about California investments go beyond the nuts and bolts. We are often asked about the basic tenants of our investment philosophy and the role California-related businesses have within that philosophy.

We are very pleased to present this publication devoted to answering these and other questions about CalPERS California investments.

We hope this update will better acquaint you with our recent activities and investment history in California.

*Many people want to know what sectors of the economy CalPERS invests in and why.*



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*the CalPERS*

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# MISSION

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CalPERS Mission is to enhance the retirement and health security for all who participate in the System. CalPERS administers a defined benefit plan, whose retirement is based on a member's age at retirement, years of service with a CalPERS employer and final compensation. CalPERS is a pre-funded retirement system and receives its funding to pay benefits from a combination of employer contributions, employee contributions and investment earnings.

## CalPERS Strategic Investment Focus and the Role of the CalPERS Board of Administration

Asset allocation is one of the most important set of decisions made by CalPERS Board of Administration. In the long run, it is the way in which the Board diversifies stocks, bonds, real estate, private equity and other investments that determines long-term performance of the System. Studies have shown that over 95 percent of investment performance is attributable to the asset allocation policy of a pension plan.

The asset allocation plan is the working framework for the selection and weighting of asset classes. CalPERS Board sets a strategic asset allocation policy and a range around the target allocations. Strategic asset allocation reflects that long-term outlook for each asset class. The Board sets tactical asset allocation ranges that enable investment managers to take advantage of buying or selling opportunities and provides the flexibility for day-to-day management.

### CalPERS Asset Allocation

Asset Class	Market Value (\$ in Billion)	Current Allocation	Current Target <sup>1</sup>	Previous Target
<b>Cash Equivalents</b>	<b>\$0.9</b>	<b>0.6%</b>	<b>0.0%</b>	<b>1.0%</b>
Fixed Income				
Domestic	\$34.5	24.1%	24.0%	24.0%
International	6.5	4.5	4.0	4.0
<b>Total Fixed Income</b>	<b>\$41.0</b>	<b>28.6%</b>	<b>28.0%</b>	<b>28.0%</b>
Equity				
Domestic	\$53.8	37.5%	39.0%	41.0%
International	27.4	19.1	19.0	20.0
Alternative Investments/Private Equity	7.0	4.9	6.0	4.0
<b>Total Equity</b>	<b>\$88.2</b>	<b>61.5%</b>	<b>64.0%</b>	<b>65.0%</b>
<b>Total Real Estate</b>	<b>\$13.3</b>	<b>9.3%</b>	<b>8.0%</b>	<b>6.0%</b>
<b>Total Fund</b>	<b>\$143.4</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

<sup>1</sup> TARGET ALLOCATION APPROVED BY THE CALPERS BOARD OF ADMINISTRATION IN MAY 2000.

CalPERS asset allocation is decided following an extensive review of a variety of factors. Economic scenarios of the global financial markets are simulated, and the future liabilities and expected future contributions by employers are considered.

### **The CalPERS Board Sets Performance Goals**

In addition to setting overall asset allocation policies, the Board also establishes investment policies for each portfolio and annual performance benchmarks for each asset class. Investment policies are formally reviewed through the Board's Investment Policy Subcommittee and receive final approval by the Investment Committee. Our investment policies can be found on our web site at [www.calpers.ca.gov](http://www.calpers.ca.gov).

Benchmark's for the System's broad asset classes are as follows:

<b>PERFORMANCE BENCHMARKS</b>	
<b>Asset Class</b>	<b>Benchmark</b>
Fixed Income	
Domestic	Salomon Smith Barney Large Pension Fund Index
International	Salomon Brothers Non-U.S. World Government Bond Index
Equities	
Domestic	Wilshire 2500 Index (Tobacco-Free Index)
International	Custom FTSE All World EX-U.S. Index
Alternative Investments	Wilshire 2500 Index (Tobacco-Free Index) + 500 bp
Real Estate	NCREIF Property Index

### **CalPERS and California Investments**

California investments are part of each asset class at CalPERS and are expected to deliver a return commensurate with similar investments of comparable risk. The CalPERS Board considers California investments on the sole basis of investment merit. They must be financially comparable to other available investment alternatives. The CalPERS Board judges comparability on a risk-adjusted basis. Under existing policy, CalPERS will accept no less in return and may incur no additional risk or cost for a California-oriented investment.

Investments in California may have the ancillary benefit of creating jobs, housing and improvement to the general infrastructure, and more importantly, serve the broad interests of CalPERS beneficiaries. By strengthening the state's economy and the well being of employers,

California investments help promote the continued ability of employers to make contributions to the System.

The Board considers the secondary objective of promoting economic growth and well being of the state and its localities when it is





not in conflict with the Board's trust duties of loyalty, care, skill, prudence, diligence and diversification. The emphasis is on promoting long-term sustainable economic, industry and business growth, as well as job creation and affordable housing.

The investments are compared on a risk/return basis with more traditional opportunities and are consistent with the financial requirements of CalPERS.

### **Why doesn't CalPERS invest 100% of its assets in California?**

Each year, state and local government agencies make the contributions needed to fund benefits. However, contributions pay for only a small part of the cost of providing the retirement benefits to the System's participants. The rest comes from the return on investment of the assets.

Prudent diversification is important to achieving long-term investment goals. CalPERS invests all over the world to ensure that its investments are diversified by geographic regions and economies around the world. If all of CalPERS investments were in the State of California, then the System would be exposed to a large economic risk. If the California economy was in a recession, that recession would simultaneously jeopardize the funding source, the taxpayer contributions, as well as the System's investments.

As of June 30, 2002, CalPERS invests, or has committed for investment, more than 16 percent of the System's assets in California.

CalPERS exposure to the State's economy, including California investments, are generally in line with California's representation in the investment universe and consistent with the Board's fiduciary obligations.

All investments, including investments based in California, must undergo the proper level of due diligence consistent with the type of product and the portfolio classification. This due diligence at a minimum addresses: legal sufficiency; identification of any potential conflicts of interest; and investment sufficiency—which is consistent with existing internal policies and practices of due diligence analysis for each asset type.

CalPERS does not decide on an investment solely because it may improve the California economy. A decision by the Board to accept an investment may only occur after the investment is deemed acceptable exclusively on its economic investment merits.

For more information, review Appendix E, for the Board's *Statement of Investment Objectives and Policies for Economically Targeted Investments*.



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PICTURE

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California has the fifth largest economy in the world and most diverse in the nation. With strengths in manufacturing and services, foreign trade, and professional services, California has positioned itself as a leader in advanced telecommunications, multimedia, biotechnology, and Internet equipment and software. California is also strong in entertainment and tourism, fashion design, and agriculture, among other industry sectors.

It is no surprise then that California would be appropriately represented in the CalPERS investment portfolio. CalPERS investments are a critical part of the economic fabric of California. CalPERS record of California investment extends back to the early 1980's with investments in real estate mortgages and real estate equity. California investments for CalPERS has grown steadily over the last five years.

*as of June 30, 2002*

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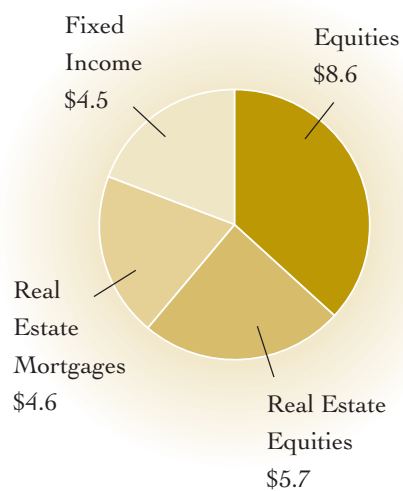
1998	\$15.5 Billion
1999	\$17.4 Billion
2000	\$16.6 Billion
2001	\$20.8 Billion
2002	\$23.4 Billion

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*California Commitments*

*Investments (\$ in Billions)*



**SNAPSHOT OF THE CALIFORNIA ECONOMY**

- \$1.4 trillion economy
- 35 million population
- 17 million person labor force
- \$32,000 per capita personal income
- 1 million businesses
- \$100 billion in exports
- \$27 billion in cash farm receipts

SOURCE: CALIFORNIA TRADE, TECHNOLOGY AND COMMERCE AGENCY, JUNE 30, 2002

*California has the fifth largest economy in the world and most diverse in the nation.*



### **CalPERS California Investment Facts**

- CalPERS invests more than \$6.6 billion in companies based in California—from blue chip corporations on the New York Stock Exchange to start-up firms in South Central Los Angeles and the Silicon Valley.
- CalPERS fixed income assets, largely held in corporate bonds, total approximately \$273 million.
- CalPERS is one of the largest real estate developers, financing more than \$1.5 billion worth of single family homes.
- CalPERS has built more than 32,000 homes and 26,000 lots for single family homes through the System's Housing Program. It is CalPERS single highest returning investment program earning returns over 20 percent since the program's inception in the early 90s.
- CalPERS member home loan program, launched in 1989, has already provided \$13.8 billion in mortgages to nearly 71,000 California families.
- CalPERS has \$7.9 billion committed to private equity funds that are either headquartered or had a major presence in California.
- CalPERS has committed \$2.9 billion to build a portfolio of investments in high quality venture capital partnerships. CalPERS has contributed to the formation of approximately 500 emerging California companies.
- A \$475 million California Initiative Fund has been established by CalPERS that will target small businesses and emerging or developing companies in underserved urban and rural California communities.
- The CalPERS California Biotechnology Program is a \$500 million investment that capitalizes on the advent and convergence of new technologies in the California biotechnology industry including genomes, bioinformatics and therapeutic agents.



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## REAL ESTATE

### Building California's Future

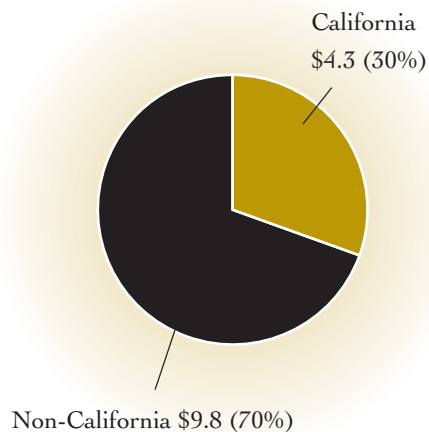
California real estate represents one third of CalPERS total real estate assets. Approximately \$4.3 billion—or 30 percent—of the System's real estate portfolio was invested in California as of June 30, 2002.

The majority of these investments are core real estate holdings, direct ownership of apartment, industrial, office and retail properties in the California. More than two-thirds are core real estate holdings, while the remaining one third constitutes investments or investment programs such as the CalPERS Housing Program and CalPERS California Urban Real Estate Initiatives. The heaviest concentration of CalPERS California real estate includes industrial and office properties, where 31.5 percent of CalPERS real estate holdings in California are industrial properties and 30.4 percent are office buildings.

*California real estate represents one third of CalPERS total real estate assets. Approximately \$4.3 billion—or 30 percent—of the System's real estate portfolio was invested in California as of June 30, 2002.*



*CalPERS Total Real Estate Portfolio*  
*(\$ in billions invested as of June 30, 2002)*



## **Real Estate Highlights**

### *May 2001*

CalPERS invests \$15 million in RealEnergy, Inc., a Los Angeles, California-based company dedicated to bringing on-site energy generation technologies to commercial properties in urban and suburban markets. Energy systems include solar, microturbine, natural gas engines, photovoltaic power and other “green” initiatives.

### *June 2001*

Three California real estate firms are selected to develop and redevelop multi-family units, single family housing, industrial, office and mix-used property types in California urban settings. The urban real estate partners include Buchanan Street Partners of San Francisco, California; Capri/Capital Advisors, L.L.C. with offices in Walnut Creek and Irvine, California; and Institutional Housing Partners of Irvine, California.

### *July 2001*

CalPERS completes its first major investment in the senior housing industry—a portfolio of seven assisted living facilities, including one in Carlsbad, California. The portfolio of properties are valued at approximately \$115.5 million.

### *August 2001*

Bridge Housing of San Francisco, California and Regis Homes of Northern California, Inc. are selected as the residential developers to build housing adjacent to CalPERS headquarters expansion on “R” Street in downtown Sacramento.

CalPERS invests approximately \$222 million in three premier shopping malls in the United States. The three shopping centers, located in California, Texas and Illinois, total nearly 4.5 million sq. ft. of retail space, including major department stores, theatres and specialty shops.

### *September 2001*

CalPERS makes a \$100 million investment in Premier Pacific Vineyard (PPV), a Napa developer of premium vineyard lands. The joint venture with PPV invests in the development of vineyard land for the fine wine industry, acquiring land, planting wine grapes, and harvesting and selling the grapes. The developed vineyard land will later be sold to wine producers within seven to ten years. Up to 80 percent of the investment is targeted for California vineyard land.

### *October 2001*

CalPERS acquires all of the outstanding common shares of Cabot Industrial Trust valued at approximately \$2.1 billion. The transaction adds 360 industrial properties to CalPERS real estate portfolio, including more than 41 million square feet of warehouse, distribution and workspace in California and 19 major metropolitan areas across the nation.



## **Historic Milestones**

*1991 ~*

### *AFL-CIO Housing Investment Trust and Building Investment Trust*

One of CalPERS first steps into the California real estate market began in 1991 when the pension fund committed \$100 million to two Trusts run by the AFL-CIO. CalPERS allocated \$50 million to AFL-CIO's Building Investment Trust (BIT)—a pooled real estate investment program that invests in institutional quality commercial real estate in California. Fifty million was also invested in the AFL-CIO Housing Investment Trust (HIT) for investment in mortgage-backed securities, construction and long-term mortgage loans.

The AFL-CIO Housing and Building Trusts are helping the state to achieve important goals for housing production and economic development. Most of the 1,300 California housing units financed by the HIT are located in San Francisco, Los Angeles, and San Jose. Projects include Los Angeles-based Umoja, House of Unity, a \$6 million apartment complex for families who were once homeless, and Los Esteros, an affordable housing unit complex in San Jose which received \$10 million from HIT.

The BIT has financed 2.9 million square feet of office, industrial, and retail development in 22 California projects. BIT is financing \$20 million toward the Santa Clara Hilton, which will serve the Santa Clara Convention Center and Great America theme park. In downtown Los Angeles, BIT is financing the \$13 million renovation of the historic Washington Building, and in San Francisco, the Holiday Inn Express received \$30 million from BIT to help fill the needs of business and tourist travelers to the City's Fisherman's wharf district.

*1992 ~*

### *CalPERS Housing Program*

In 1992, CalPERS committed \$375 million to the establishment of a Single Family Housing Program to supplement the shortage of supply for financing for California builders and developers. The System later added a Land Acquisition & Development Program and earmarked \$475 million to build lots for Single Family homes in California. Dollars generated from houses and lots built and sold are re-invested with the money returning to the program, thus spurring a significant increase in new home activity for California.

Since the program's inception in the early 1990's, CalPERS has worked with seven housing partners to build more than 32,000 homes and 26,000 lots in California, earning the System investment returns above 20 percent.

## *1994* ~

### *CNL Net Lease Investors, L.P.*

CNL Net Lease Investors, L.P. is a California limited partnership that was established in 1994 to acquire, own and manage a diversified portfolio of high quality, single-tenant, freestanding properties leased to restaurant and retail establishments under long-term triple net leases. CalPERS had more than \$23 million invested in the program as of June 30, 2002.

## *1995* ~

### *Bridge Housing*

CalPERS allocated \$150 million to San Francisco-based, Bridge Housing Corporation in 1995 to develop low income and affordable multi-family and single family projects in California. Bridge was founded in 1983 by Bay Area business leaders to build high quality housing affordable. Bridge has developed over 8,500 homes.

It is the leading non-profit producer of affordable housing in California and a national model of successful non-profit housing development. Bridge has built numerous community assets including the Town Center and Courtyards at Acorn in West Oakland, Richmond City Center in downtown Richmond, Marin City USA in Marin City, and condominium homes in Palo Alto. Bridge also partners to build shopping centers, parks, daycare centers, police and fire facilities, libraries, community spaces and job training centers.

### *California Urban Real Estate (CURE) Program*

The CURE investment strategy is focused on addressing both the housing shortage as well as a lack of general development in urban infill locations throughout California. The program began in 1995 when CalPERS, Los Angeles Lakers star Earvin "Magic" Johnson, and real estate advisor Victor B. MacFarlane formed California Urban Investment Partners, a \$100 million partnership to invest in the development and redevelopment of quality retail properties in predominantly minority and urban neighborhoods' within California's metropolitan areas. As of June 30 2002, the program included 12 real estate partners that manage over \$1 billion in California urban infill investments.

#### **A CLOSER LOOK AT SOME CURE PROGRAMS**

##### **Infill Investment Partners**

Infill Investment Partners has an allocation of \$100 million of which \$30 million is invested in affordable housing credits and an office complex. Infill Investment Partners targets projects utilizing “smart growth principles” in the Western United States and have invested in three projects.

[Returns of 25.6% since inception in October 1999.](#)

##### **Bridge Housing**

The Bridge Housing Program was approved in June 2000. Bridge was allocated \$100 million and they currently have a pipeline of five potential Affordable Multifamily transactions totaling \$125 million. Bridge Housing focuses on early phase capital for the development of affordable housing in California.

[Returns of 6.5% since inception.](#)

##### **California Urban Investment Partners (CUIP)**

CUIP, a joint venture between Johnson/MacFarlane Partners (Johnson opted out in 2000) and CalPERS, was approved in February 1995. The allocation for CUIP is \$200 million and they have placed \$75 million in mixed use including affordable housing. Their pipeline consists of six properties including five multifamily properties for a total of \$280 million. The CUIP program targets acquiring or developing freestanding retail stores, neighborhood and community shopping centers and mixed-use properties in urban neighborhoods within California’s major metropolitan areas.

[Returns of 9.7% since inception.](#)

##### **Kennedy Associates**

Kennedy Office Development Program was approved in June 2000. Of the \$150 million allocation, \$23 million has been placed and the

pipeline contains another property valued at \$22 million. Kennedy invests in the development of office, R & D and industrial buildings.

[Returns of 10.9% since inception.](#)

##### **Institutional Housing Partners (IHP)**

IHP was approved in June 2001. They were allocated \$40 million and have one \$18 million multifamily transaction in the pipeline. IHP’s focus is on equity investments (development and redevelopment properties) for commercial and multi-family residential and mixed-use projects in infill locations throughout California.

[Returns of 2.6% since inception.](#)

##### **Buchanan Street Partners**

Buchanan Street Partners was approved in June 2001. The allocation for Buchanan is \$60 million and they have placed \$18 million in mezzanine debt and preferred equity financing. Their pipeline consists of three retail properties for a total of \$18 million. They have the ability to invest in a wide range of income property types of existing or to be developed properties. Buchanan focuses on providing mezzanine and preferred equity capital for commercial, multi-family residential and mixed-use in infill locations throughout California.

[Returns of 44.9% since inception.](#)

##### **Capri Capital Advisors**

Capri Capital Advisors was approved in June 2001. They have a pipeline of \$5 million that represents its first multifamily property investment. Capri focuses on renovation and development of moderately priced California urban multi-family properties through mezzanine and preferred equity structures.

[Returns of 12.4% since inception.](#)

## ALTERNATIVE INVESTMENT MANAGEMENT

### Financing California's Future

CalPERS Alternative Investment Management (AIM) Program was established in the early 1990's to begin investment in the private equity market. Part of the program is dedicated to investment in California and is designed to capitalize on the unique characteristics of California's economy. Recognizing the unique size and tremendous opportunity of California's economy, CalPERS has constructed a program that fills the need for capital for certain business segments within the state. The System has also constructed a diverse array of investment vehicles

that reflects the state's large number of business entities and the wide range of development cycles that exist.

As of June 30, 2002, CalPERS had committed \$7.9 billion to private equity funds that were headquartered or had a major presence in California. Approximately \$1.6 billion were with leading investors in funds that focused on investments in California-based companies and investment vehicles that target the State's burgeoning industries. Financial service, consumer-related and medical companies make up the largest percentage, accounting for nearly \$700 million of the System's California private equity dollars.

#### CALIFORNIA PORTFOLIO COMPANY DIVERSIFICATION BY INDUSTRY

Industry	Amount Invested (\$ in millions)
Biotechnology/BioPharma	\$107.3
Communications	138.7
Computer/Electronics-Related	173.7
Consumer-Related	248.3
Energy	4.2
Financial Services	293.9
Industrial Products/Manufacturing	50.5
Media	51.3
Medical/Health-Related	156.8
Other	34.7
Real Estate	24.2
Services	65.2
Transportation	12.9
<b>Total</b>	<b>\$1,361.8</b>

#### AIM Portfolio Diversification By Geographic Location (as of June 30, 2002)

Location	% Invested
Asia	4%
<b>California</b>	<b>22</b>
Canada	1
Europe	10
Other	5
U.S. (excluding CA)	58
<b>Total</b>	<b>100%</b>

## **AIM Highlights**

### *January 2001*

CalPERS invests \$485 million in San Francisco, California-based Texas Pacific Group to make early and late stage investments in growing companies in the technology, communications, and business resources industries.

### *March 2001*

An additional \$500 million is approved to California Emerging Ventures for venture capital investments where a special emphasis is placed on California-based partnerships and portfolio companies. The action increases the pension fund's exposure to California venture capital investments to more than \$2 billion.

### *May 2001*

CalPERS hires 10 venture capital and private equity firms to invest in California's urban and rural communities. The action kicked-off CalPERS California Initiative program that discovers and invests in private equity opportunities in urban and rural areas giving life to companies and firms that have been overlooked by other investors. The assets provide companies significant competitive advantages in the marketplace, while fueling the growth of jobs, businesses, and stronger communities in California.

### *February 2002*

CalPERS teams up with Los Angeles, California-based The Yucaipa Companies committing up to \$285 million to establish a first-of-its-kind merchant bank holding company to control subsidiary funds and businesses that provide financial services to public pension funds, Taft-Hartley pension funds, unions and union members.

*Performance of CalPERS Alternative  
Investment Management investments  
can be found at [www.calpers.ca.gov](http://www.calpers.ca.gov).*



## **Historical Milestones**

Since the establishment of CalPERS Alternative Investment Management Program in the early 1990s, the System has committed a portion of its portfolio to partnership investments that employ investment strategies in California. In each of these partnerships, CalPERS serves as the limited partner turning over a small portion of the System's assets to a general partner with an established investment track record and investment strategy.

In November 1998, CalPERS made a conscious decision to increase its venture capital investments at a time when it appeared that venture capital would be one of the best performing sectors within private equity. The California-based venture capital industry appeared to offer a particularly attractive investment opportunity, as technology-based ventures were driving significant growth in the State. Additionally, the vast majority of the partnerships managed by the proven, top-tier venture capital investments were not open to new investors.

CalPERS created a new company. California Emerging Ventures was formed as an investment vehicle to make venture capital investments for the System. CalPERS committed \$350 million to the program and selected Lexington, Massachusetts-based Grove Street Advisors, an investment advisory firm, to manage the program. California Emerging Ventures success led

CalPERS to allocate an additional \$400 million to the program in April 2000, and \$500 million in March 2001.

In June 2000, CalPERS established a \$500 million biotechnology investment program to invest with many of the world's leading biotechnology companies and experts that make California their home. CalPERS ability to invest significant capital over long-term periods can help the System become an investor of choice, gaining access to the very best companies, experts, and talent in the biotechnology industry. The System also created "The California Initiative", a \$500 million investment program targeting small businesses and emerging or developing companies in underserved urban and rural California communities.

*CalPERS ability to invest significant capital over long-term periods can help the System become an investor of choice...*



## PUBLIC MARKETS

### **Investing in California's Economic Engine**

CalPERS' investments in alternative investments and real estate represent the System's capital commitment to infrastructure and development, both important elements in any healthy economy, regardless of where that economy is located. However, there are two other important elements of capital investment that are needed for thriving economies: permanent capital and maintenance capital. Maintenance capital represents largely publicly-traded debt (or bond) investments. CalPERS has approximately \$273 million in corporate bonds issued by California companies.

Debt issued to finance ongoing working capital needs for California's corporations, general financing needs to support operations or special purpose needs such as the purchase of capital equipment or the building or expansion of a plant, service center or manufacturing facility. Large, well established companies continually require capital as its life blood. As a long-term investor, CalPERS is suited to provide this need. In some cases the debt is held to maturity, providing income that CalPERS uses to meet its monthly benefit payments. In other cases, the debt is sold to fund benefits to retirees and to manage the costs of funding those benefits.

The same is true for the permanent capital CalPERS provides in the form of a shareholder of stock. The pension fund invests \$6.6 billion in publicly traded companies based in California.

Both the Alternative Investment Management and Real Estate Programs result in investments that ultimately are realized in the public stock market. Both portfolios represent permanent buy and hold strategies where the stocks are held into perpetuity, diversified by stocks of companies in other parts of the country, to the world. This diversification allows CalPERS to be a permanent stakeholder in the California economy, through recession and economic expansion. California corporate managers can count on CalPERS as a long-term strategic investor who will not "cut and run" as the California economy goes through its cycle. This permanent capital provides the base against which California's companies can continue to grow, create jobs and continue to help keep California a leading edge state. CalPERS, through its Corporate Governance Program, maintains an active dialogue with public companies in which it invests to ensure CalPERS' interests on behalf of stakeholders are protected as a permanent investor in those companies.

*CalPERS ability to invest significant capital  
over long-term periods can help the System  
become an investor of choice...*





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D O I N G

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B U S I N E S S

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*with CalPERS*



We are often asked questions by the investment and business community about how they can solicit CalPERS as an investor. How does CalPERS choose its private equity and alternative investments? How does a money manager get a contract with CalPERS? Who decides what real estate CalPERS purchases?

We utilize the service of professional consultants and industry experts to help determine the best investment opportunities that meet our investment criteria, policies and goals. Listed below are some of the groups that support our investment operations and the type of investment(s) that each group reviews.

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**Pension Consultant**

*Wilshire Associates, Inc.*

1299 Ocean Avenue, Suite 700  
Santa Monica, California 90401  
(310) 451-3051  
[www.wilshire.com](http://www.wilshire.com)

**Alternative Investment  
Management (AIM)  
Program**

*Emerging or Existing Private Equity  
Funds, including Venture Capital  
Middle Market Buyout and European  
Opportunities*

*Grove Street Advisors*

20 William Street, Suite 230  
Wellesley, Massachusetts 02481  
(781) 263-6100  
[www.grovestreetadvisors.com](http://www.grovestreetadvisors.com)

*California Underserved  
Markets Opportunities*

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California Community  
Venture Fund  
231 South LaSalle Street  
Chicago, Illinois 60697  
(312) 828-6378  
[www.bankofamerica.com](http://www.bankofamerica.com)

*CalPERS Hedge Fund Program*

*Blackstone Alternative*

*Asset Management*  
345 Park Avenue  
New York, New York 10154  
(212) 583-5405  
[www.blackstone.com](http://www.blackstone.com)

*Corporate Partnership Investment  
Opportunities*

*Pacific Corporate Group*

1200 Prospect St., 2nd Floor  
La Jolla, California 92037  
(858) 456-6000  
[www.paccorpgrp.com](http://www.paccorpgrp.com)

*To submit a proposal directly  
to AIM, please mail to:*

*CalPERS Investment Office  
Alternative Investment  
Management Program*

400 P Street, Suite 3492  
Sacramento, California  
95814

**Real Estate Consultant**

*PCA/Kenneth Leventhal & Co.*

15760 Ventura Boulevard,  
Suite 700  
Encino, California 91463  
(818) 995-8713

**Core Real Estate Program**

*Apartment Property Advisors*

*East Region*

*General Investment and  
Development Co.*

600 Atlantic Avenue, Suite 2000  
Boston, Massachusetts 02110  
(617) 973-9680  
[www.generalinvestment.com](http://www.generalinvestment.com)

*West Region*

*SSR Realty Advisors*

One California Street, Suite 1400  
San Francisco, California  
94111-5415  
(415) 678-2000  
[www.ssrrealty.com](http://www.ssrrealty.com)

*Industrial Property Advisors*

*East Region*

*LaSalle Investment  
Management, Inc.*

65 East State Street, Suite 1750  
Columbus, Ohio 43125  
(614) 460-4444  
www.joneslanglasalle.com

*West Region*

*RREEF*

101 California Street, 26<sup>th</sup> Floor  
San Francisco, California 94111  
(415) 781-3300  
www.rreef.com

*Office Property Advisors*

*East Region & Northern California  
Hines*

601 California Street, Suite 300  
San Francisco, California 94108  
(415) 986-8200  
www.hines.com

*West Region, Southern California  
CommonWealth Pacific*

633 Fifth Street, 71st Floor  
Los Angeles, California 90071  
(213) 629-2100  
www.cwpla.com

*Retail Property Advisors*

*Regional Malls*

*Miller Capital Advisory, Inc.*

180 Sherman Avenue #100  
Evanston, Illinois 60201  
(847) 424-9600  
www.miller-capital.com

*Lend Lease Real Estate  
Investments, Inc.*

101 Arch Street,  
Boston, Massachusetts  
02110-1106  
(617) 439-3911  
www.lendlease.com

*First Washington Realty Trust*

4350 East-West Highway,  
4<sup>th</sup> Floor  
Bethesda, Maryland 20814  
(301) 907-7800  
www.firstwash.com

**California Urban Real Estate**

*Buchanan Street Partners*

620 Newport Center Drive,  
Suite 950  
Newport Beach, California  
92660  
(949) 721-1414  
www.buchananstreet.com

*Capri Capital*

18301 Von Karman Avenue,  
Suite 750  
Irvine, California 92612  
(949) 442-2400  
www.capricap.com

*MacFarlane Partners, Inc.*

151 Executive Park Blvd. ,  
Building 2  
San Francisco, California 94134  
(415) 467-3600  
www.macfarlanepartners.com

*Bridge Housing Corporation*

1 Hawthorne Street, Suite 400  
San Francisco, California  
94105-3901  
(415) 989-1111  
www.bridgehousing.com

*RREEF/CalSmart*

101 California Street, 26<sup>th</sup> floor  
San Francisco, California 94111  
(415) 781-3300  
www.rreef.com

*CommonWealth Pacific*

633 West Fifth Street, 72<sup>nd</sup> Floor  
Los Angeles, California 90071  
(213) 629-2100  
mcroft@cwpla.com

*City Home Partners*

401 Wilshire Blvd., Suite 850  
Santa Monica, California 90401  
(310) 899-9200  
vmiramontes@saybrook.net

*Institutional Housing Partners, LP*

19800 MacArthur Boulevard,  
Suite 700  
Irvine, California 92612  
(949) 851-2121  
www.ihpinc.com

*CIM Group, LLC*

6922 Hollywood Blvd, 9<sup>th</sup> Floor  
Hollywood, California 90028  
(323) 860-4900  
www.cimgroup.com

*Kennedy Associates*

*Real Estate Counsel, INC.*

1215 4<sup>th</sup> Avenue  
2400 Financial Center Building  
Seattle, Washington 98161  
(206) 623-4739  
www.kenedyusa.com

*Related Companies of  
California, LLC*

18201 Von Karman Avenue,  
Suite 400  
Irvine, California 92612  
(949) 660-7272  
www.related.com

*Klein/Steadfast/Joint Venture*

550 California Avenue, Suite 330  
Palo Alto, California 94306  
(650) 833-0100  
www.klein-financial.com

*Legacy Partners Residential, Inc.*

4000 East Third Avenue,  
Suite 600  
Foster City, California  
94404-4810  
(650) 571-2200  
www.legacypartners.com

**Manager Development  
Program**

*Strategic Investment Management*

1001 Nineteenth Street North,  
18<sup>th</sup> Floor  
Arlington, Virginia 22209  
(703) 243-4433  
www.2strategic.com

*Progress Investment  
Management Company*

71 Stevenson Street, Suite 1620  
San Francisco, California 94105  
(415) 512-3480  
www.progressinvestment.com

**CalPERS Investment  
Operations**

Lincoln Plaza  
400 P Street, Suite 3492  
Sacramento, California 95814  
(916) 326-3400

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*Richard Hayes*

Senior Investment Officer  
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Management Program

*Curtis Ishii, CFA*

Senior Investment Officer  
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*Michael McCook*

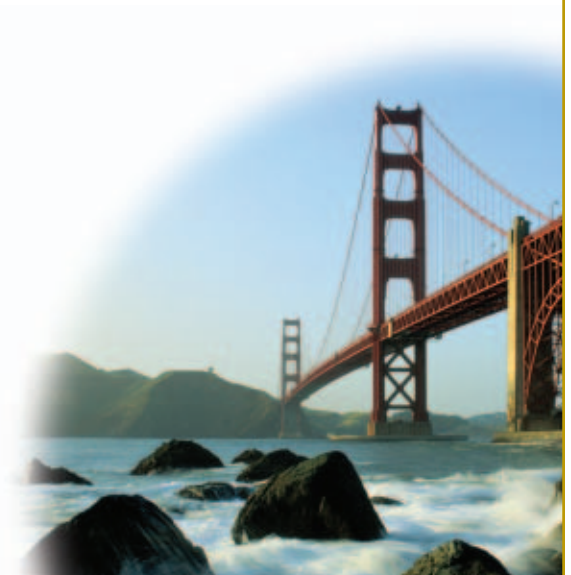
Senior Investment Officer  
Real Estate

*Patricia Pinkos, CFA*

Senior Investment Officer  
Asset Allocation &  
Risk Management

*Christy Wood, CFA*

Senior Investment Officer  
Global Public Equities



*CalPERS*

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TO

CALIFORNIA



CalPERS Board of Administration recognizes the opportunities that are present in California and has allocated more than \$23 billion for direct California investments. From the San Francisco Bay Area, to the Central Coast, down to the greater Los Angeles region, our investments help build houses, finance homes, and provide the money that pay for thousands of private sector jobs.

Typically measured in dollars, these investments not only benefit the State's economy, but also help build a healthy and secure financial future for our 1.3 million members.

It should also be noted that the influence of capital into California investments is strengthened by our members who work and live and support the California economy.

We hope the information provided in this book will help you gain a better understanding about how CalPERS approaches California investments. We believe there is investment opportunity in California, that in moderation, will help to strengthen and diversify our investment portfolio for long-term growth.



## Appendix A: CalPERS Core Real Estate Investments in California

As of June 30, 2002 (\$ in Millions)			
Category	Property Name	City	Market Value
Apartment	Avignon	San Jose	\$16,356,026
	Hills Of Corona Village	Corona	23,531,995
	Renaissance Towers	Los Angeles	25,953,426
	Carmel Pointe	San Diego	31,570,764
	Versailles Apartments	Woodland Hills	35,541,565
	Sea Castle	Santa Monica	43,655,236
	Pavona	San Jose	43,915,196
	Mirabella At Aviara	Carlsbad	49,551,168
	Allegro At Jack London Square	Oakland	59,421,071
	The Estates At Park Place	Fremont	73,985,794
Industrial	Chase Joint Venture	San Jose	\$1,990,514
	Cdc	Rancho Cucamonga	3,145,627
	Sun Valley Industrial	Sun Valley	2,982,987
	South La Industrial	Montebello	3,030,921
	Rancho Santa Margarita	Rancho Santa Margari	5,953,526
	Valencia Industrial	Valencia	4,898,962
	Wilshire Avenue	Santa Ana	6,460,300
	GE Joint Venture	Newark	7,556,546
	Tiaa-cref Joint Venture	Rancho Cucamonga	7,617,606
	Shoemaker 166	Santa Fe Springs	7,905,506
	Alondra	Santa Fe Springs	7,715,489
	Simi Valley/Valencia	Simi Valley	9,024,690
	Rowland Street	City Of Industry	8,780,895
	Vista Tech Center	Vista	8,806,561
	Chatsworth	Chatsworth	9,715,514
	Oxnard Portfolio	Oxnard	11,018,238
	Wrigley Creek Industrial	Milpitas	7,762,385
	Burbank	North Hollywood	11,878,306
	South Orange County Industrial	Irvine	12,546,365
	Goldentop Road	San Diego	9,982,772
	South Bay	Rancho Cucamonga	9,708,318
	North Orange County Industrial	Fullerton	12,353,436
	Foothill/Ramona	Irwindale/Azusa/Colt	13,563,124
	Border Industrial	San Diego	12,693,257
	Garden Grove Industrial	Garden Grove	14,109,849
	Silicon Valley Business Park	Santa Clara	9,108,222



Appendix A: CalPERS Core Real Estate Investments in California — Continued

Category	Property Name	City	Market Value
Industrial <i>continued</i>	Lam Research Corporation	Fremont	\$10,995,175
	Ibc Industrial	Los Angeles	14,780,357
	Woodland Industrial	Woodland	14,619,004
	San Fernando Valley	Sun Valley	11,721,616
	Miramar Home Center	San Diego	16,406,516
	Fullerton/Anaheim	Fullerton	16,086,728
	West Sacramento	Sacramento	16,479,657
	La Mirada	La Mirada	17,250,603
	Warm Springs Industrial	Fremont	11,109,323
	Inland Empire Business Parks	Ontario	19,753,557
	East Dyer Road	Santa Ana	21,195,630
	Sacramento Business Parks	Sacramento	23,988,624
	Baldwin Park Industrial	Baldwin Park	19,681,030
	West County	Garden Grove	18,974,268
	Scott Creek Business Park	Fremont	20,486,425
	N. Orang Cty Business Parks	Anaheim	20,933,901
	Garden Grove Business Park	Garden Grove	27,260,953
	North San Diego Business Park	San Marcos	28,090,632
	Inland Empire Distribution	Chino	17,482,636
	Mission Industrial	Fremont	22,852,772
	San Jose Industrial	San Jose	27,124,002
	Palomar Airport	Carlsbad	28,966,978
	North San Diego Industrial	Carlsbad	42,089,159
	Cerritos Industrial	Cerritos	32,713,265
	Calwest Mid Cities Industrial	Cerritos	33,636,919
	So Orange County Business Park	Aliso Viejo	37,606,400
	Airport Business Park	Santa Ana	41,679,209
	Glendale	Los Angeles	41,942,887
	Fleetside Industrial	Benicia	56,300,049
	Bay View Industrial	Hayward	51,029,238
	Crocker Industrial	Brisbane	46,140,831
	880/280	Newark	46,839,363
	San Diego Tech Center	San Diego	55,912,465
	San Diego Distribution	San Diego	69,974,193
	Tri-Valley Industrial	Concord	66,610,726
	Greater Ontario Distribution	Ontario	73,102,282

Category	Property Name	City	Market Value
Office	Westa	Encino	\$17,362,365
	Downey Savings Building	Costa Mesa	30,843,941
	Capitol Square	Sacramento	33,173,809
	Mission City	San Diego	40,536,676
	Centerside-I	San Diego	46,039,155
	Wateridge Plaza	San Diego	55,876,442
	801 N. Brand	Glendale	56,157,246
	Woodside Technology Center	Redwood City	79,172,876
	Regents Square I & II	La Jolla	82,988,077
	International Building	San Francisco	88,818,109
	560 Mission	San Francisco	105,282,510
	801 Figueroa	Los Angeles	99,089,360
	505 Montgomery	San Francisco	124,075,419
	Stoneridge Corporate Plaza	Pleasanton	141,970,580
	Two Town Center	Costa Mesa	149,652,225
	Fifty Fremont Center	San Francisco	152,821,074
Retail	Stanford Ranch Shopping Center	Rocklin	\$7,751,378
	Laguna Niguel Plaza	Laguna Niguel	8,164,820
	Silverado Plaza	Napa	10,163,551
	Navajo Shopping Center	San Diego	10,233,176
	Twin Oaks Shopping Center	Agoura Hills	12,572,506
	Snell & Branham Plaza	San Jose	12,895,957
	Rancho San Diego Village	Le Mesa	16,069,572
	Lake Forest Village	Lake Forest	17,809,444
	Auburn Village	Auburn	19,149,602
	Bayhill Shopping Center	San Bruno	19,587,459
	Ygnacio Plaza	Walnut Creek	19,708,477
	Point Loma Plaza	San Diego	29,905,965
	Granada Village	Granada Hills	32,229,517
	Five Points Shopping Center	Santa Barbara	32,821,020
	Pleasant Hill Shopping Center	Pleasant Hill	34,464,571
	Brea Marketplace	Brea	45,346,130
AFL-CIO	Various	Various	\$29,333,215

**Total Core Real Estate Investments In California**

**\$3,415,329,082**

## Appendix B: CalPERS Specialized Real Estate Investments in California

As of June 30, 2002 (\$ in Millions)				
Partner Name	Project Name	City	Property Type	Market Value
Bridge Urban Infill Land Development	San Antonio Road	Palo Alto	Condominiums	\$12,305,124
Capri Urban Capital	Tara Village	Tarzana	Apartments	\$3,008,090
CIM California Urban Real Estate Fund	On Broadway	San Diego	Mixed-Use	\$2,216,646
	The Strand	Huntington Beach	Mixed-Use	
	Twohy Lofts	San Jose	Apartment/Retail	
	Flower Street Lofts	Los Angeles	Condominiums	
	Historic Gas Company Buildings	Los Angeles	Mixed-Use	
	The Market at 9 <sup>th</sup> and Flower	Los Angeles	Mixed-Use	
	Grand Hope Park Lofts	Los Angeles	Apartment	
	The Lofts at 9 <sup>th</sup> and Flower	Los Angeles	Mixed-Use	
Buchanan Urban Investors	Mall of Orange	Orange	Regional Mall	\$20,909,878
	Devonshire/Reseda Shopping Center	Northridge	Shopping Center	
	Serramonte Plaza	Daly City	Mixed Use	
	Marin Club	Pomona	Apartment	
	Arbor Heights Apartments	Hacienda Heights	Apartment	
	Bell Gardens	Bell Gardens	Shopping Center	
	Garden Grove	Garden Grove	Shopping Center	
California Urban Investment Partners	Ladera Shopping Center	Los Angeles	Shopping Center	\$69,660,114
	Hollywest	Hollywood	Mixed-Use	
	FuturePlex	San Francisco	Office	
	Bay Street	Emeryville	Mixed-Use	

SFH—SINGLE FAMILY HOUSING

A & D—ACQUISITION & DEVELOPMENT

Partner Name	Project Name	City	Property Type	Market Value
Kennedy Associates Real Estate Counsel	Burbank Airport Plaza	Burbank	Office	\$65,048,992
	Westlake Village	Westlake	Office	
	Empire Lakes Cucamonga	Rancho	Office	
Infill Investment Partners	Eastside Village	Los Angeles	Multifamily	\$30,217,808
	Foothill Family Housing	Oakland	Multifamily	
	Parklane Apartments	Baldwin Hills	Multifamily	
	Washington Court	Los Angeles	Multifamily	
	700 North Central	Glendale	Office	
	200 Burchett	Glendale	Office	
CalSmart	Mesa View Plaza	San Diego	Office	\$30,693,922
	888 Sepulveda	El Segundo	Office	
	898 Sepulveda	El Segundo	Office	
Property First.Com	N/A	N/A	Stock Ownership	\$1,400,000
Catellus Development Corporation	N/A	N/A	Stock Ownership	\$165,594,193
IHP Fund IV	Braddock Street	Marina Del Rey	Industrial	\$9,959,710
	46 <sup>th</sup> Street Lofts	Emeryville	Condominiums	
Hearthstone	Del Tio	Camarillo	SFH and A & D	\$7,548,329
	Bird of Paradise	Buenaventura		
	Mesa Verde	San Diego		
	Castle Place	San Diego		
	Bella Rosa	Camarillo		
	Four Seasons	Temecula		
	Windsong	Carlsbad		
	Park View	San Luis Obispo		
	Chanteclair Estates	Claremont		
	Moreno	Moreno Valley		
	Fox Meadows	Elk Grove		
	Terra Bay	S. San Francisco		
	Hercules	City of Hercules		

Appendix B: CalPERS Specialized Real Estate Investments in California—Continued

Partner Name	Project Name	City	Property Type	Market Value
IHP	Redhawk	Temecula		
	Davidson Rancho	Rancho Bernardo		
	Dutra Farms	Manteca		
	Pepper Avenue	Colton		
	Torrey Santa Fe	San Diego		
	Bernal Lofts	San Jose		
	River Colony	San Diego		
	Rock Street	Mountain View		
	Ashland	Dale City		
	Chesapeake	Ripon		
	Sheridan	Temecula		
	Chula Vista	Chula Vista		
	Colony Oaks	Elk Grove		
	Charlemont	Simi Valley	SFH and A & D	\$265,416,151
	Presley-Silver Ridge	San Jose		
	Presley-Silver point	San Jose		
	Presley-Masters	San Jose		
	Presley-Villages	San Jose		
	Vintage-Westlake Village	Westlake Village		
	Headlands	Dana Point		
	Hidden Valley Ranch	Thousand Oaks		
	Rancho Santa Fe	San Diego		
	Rancho Santa Fe	San Diego		
	Hidden Meadows	Unincorporated		
	Bayshore	Long Beach		
	Rancho Monterey	Monterey		
	Saddles Club Estates	San Diego		
	Oakmont V	Glendale		
	Whispering Hills	San Juan Capistrano		
	The Willows	Riverside		
	Antelope Valley	Palmdale/ Lancaster		
	The Sycamores	Escondido		
	Pasadera II	Salinas		
	Ladato/Brentwood	Brentwood		

SFH—SINGLE FAMILY HOUSING

A & D—ACQUISITION & DEVELOPMENT

Partner Name	Project Name	City	Property Type	Market Value
	Spyglass	Stockton		
	Sunset Ranchos	Rocklin		
	Padua Hills/Claremont	Claremont		
	Country Estates/Gilroy	Gilroy		
	Windemere Ranch	San Ramon		
	4S Ranch-Lot 12	San Diego		
	Ross Woods/Bellmont	Belmont		
	Morgan Hill	Morgan Hill		
	Empire Ranch	Folsom		
M/W Housing Partners	Coral Gate	San Ysidro	SFH and A & D	\$32,021,914
	Victoria Groves	Riverside		
	Barton's Crossing	San Bernadino		
	Grand Oaks	Placer		
	Van Ness	San Francisco		
	Centerstone at Buena Park	Orange		
	Discovery Bay	Contra Costa		
	Woodcreek West	Placer		
	Springfield Ranch	El Dorado		
	Palermo @ Dos Vientos	Ventura		
	Riverwalk Area 9C	Riverside		
	Astoria	Orange		
	The Courtyards	Los Angeles		
	Marianna	Riverside		
	Signal Hill	Los Angeles		
	Apricot Estates	Contra Costa		
	Pacific Hacienda	San Carlos		
	Stoneridge II	Roseville		
	San Miguel Ranch	San Diego		
	Richland Estates	San Diego		
	Victoria by the Bay	Hercules		
	Charleston	Orange		
	Pearl Heights	Sacramento		
	Dos Vientos	Ventura		
	Bolinger Estates	Orange County		
	Oxnard River Ranch	Ventura		

*Appendix B: CalPERS Specialized Real Estate Investments in California—Continued*

Partner Name	Project Name	City	Property Type	Market Value
Newland Capital Advisors	Paseo del Sol	Temecula	A & D	\$213,666,770
	Whitney Oaks	Rocklin		
	Cobblestone Creek	Orcutt		
	Westgate Ranch	Santa Maria		
	Storke Ranch	Goleta		
	San Miguel Ranch	Chula Vista		
	Spencers Crossing	Temecula		
	Woods Valley	Valley Center		
	Genstar Portfolio	Various		
Olympic Realty Advisors	Arbor Glen	Riverside	SFH and A & D	\$53,645,831
	Morgan Creek	Roseville		
	Old School House II	Murrietta		
	Old School House I	Murrietta		
	Greenhorn Creek	Angels Camp		
	Kensington Park	Modesto		
	Horseshoe	Fairfield		
	Huntington Beach	Orange		
	Corona Hills	Corona		
	Deer Creek	Brentwood		
	River Ranch North	Oceanside		
	Dos Vientos	Thousand Oaks		
	Pinehurst	Chino Hills		
	Sunset Hills	Redlands		
	Highland	Highland		
	Hollow Oak	Cameron Park		
	Oxnard	Oxnard		
	Crowne Hill	Temecula		
	Santa Monica	San Diego		
	Nellie Gail	Laguna Hills		
	San Elijo	San Marcos		
	Eastlake	Chula Vista		
	East Grove	Fontana		

SFH—SINGLE FAMILY HOUSING

A & D—ACQUISITION & DEVELOPMENT



Partner Name	Project Name	City	Property Type	Market Value
PICAL	Holly Oaks Ranch Aviara	Ramona Carlsbad	SFH and A & D	\$14,512,680
Residential Real Estate Partners	The Reserve Oak Hills Park Highlands/Petaluma Serrano River Ranch South (Del Sol) The Knolls at Hiddenbrooke Elk Grove Bel Air Hayward III Hayward IV Mission View Eastlake Vistas (Bridgepark) Mayfield	Chino Los Angeles Petaluma Sacramento Oceanside Vallejo Elk Grove Irvine Oakland Oakland Oceanside Chula Vista Livermore	SFH and A & D	\$27,861,029
WFHAI Housing Fund	Paso Robles Kingsburg East Ranch The Greenhouse Crescent Walk Lemona Village Knott Avenue Glacier Classics Sunset Crossing Bella Via Vizcaya At Manteca	Paso Robles Kingsburg Ventura Denver Playa Vista North Hills Anaheim Martinez Brentwood San Diego Manteca	SFH and A & D	\$15,684,837

*Appendix C: CalPERS Investments in California Corporate Bonds*

*As of June 30, 2002 (\$ in Millions)*

<b>Ticker</b>	<b>Company Name</b>	<b>Market Value</b>
ABGX	Abgenix Inc	\$2,830,000
AFFX	Affymetrix Inc	3,323,625
AMD	Advanced Micro Devices Inc	3,906,250
AVO	Advanced Med Opt	495,030
BEAS	Bea Sys Inc	6,406,286
CLX	First Brand Corp	10,881,400
CPN	Calpine	146,693,903
CYMI	Cymer Inc	2,040,000
DAHX	"Decrane Aircraft Holdings, Inc."	2,744,015
DOL	Dole Food Company	52,517,500
DVA	Davita Inc.	1,999,628
EIX	Edison Mission Energy	130,530,000
ELN	Dura Pharmaceuticals Inc	1,142,180
EVC	Entravision Comm	3,983,760
EXTR	Extreme Networks Inc	2,501,250
GLB	Glenborough Rlty Tr Inc	8,784,000
GPS	Gap Inc	3,625,971
HERB	Herbalife	4,000,000
IRF	International Rectifier Corp	6,176,250
IVGN	Invitrogen Corp	5,762,750
JOR	Jorgensen Earle	1,250,000
KBH	Kb Home	2,392,031
KPERM	Kaiser Foundation Hospitals	28,069,250
LEVI	Levi Strauss	64,125,000
LSI	Lsi Logic Corp	3,540,100
MERQ	Mercury Interactive Corp	10,336,300
NOC	Litton Industries	169,013,515

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Ticker	Company Name	Market Value
OXY	Occidental Petroleum	\$9,443,280
PCG	P G & E Corp (Pacific Gas & Elec)	105,566,910
PETCO	Petco	3,018,449
PHSY	Pacificare Health Sys Inc	1,028,750
PNK	Hollywood Park (Pinnacle Ent)	3,152,090
RATL	Rational Software Corp	6,075,000
SEBL	Siebel Sys Inc	1,010,500
SLR	Solectron Corp	3,235,000
SPF	Standard Pacific	1,536,406
SYD	Sybron Dental	1,507,662
SYMC	Symantec Corp	1,208,750
UCL	Union Oil Co Ca	37,125,915
UNA	Unova Inc.	26,600,000
URS	Urs Corporation	1,015,000
VRTS	Veritas Software Corp	2,110,500
WLP	Wellpoint Health Networks Inc	809,100
21108Z	American Reprographics	4,459,174
NCP	Fox Sports Networks Llc	1,035,000
GMH	Hughes Electronics	5,012,500
<b>Total Corporate Bond Investments in California</b>		<b>\$894,019,980</b>

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*Appendix D: CalPERS Investments in California Publicly-Traded Companies*

*As of June 30, 2002 (\$ in Millions)*

<b>Ticker</b>	<b>Company Name</b>	<b>Market Value</b>
ABM	Abm Inds Inc	\$1,456,070.00
AMLJ	Aml Communications Inc	8,775.00
AHS	Amn Healthcare Svcs Inc	1,288,368.00
APPA	Ap Pharma Inc	109,882.30
ATGCQ	Atg Inc	3.42
AXTI	Axt Inc	269,724.00
AMSF	Aames Finl Corp	8,765.20
ABAX	Abaxis Inc	109,000.00
ABGX	Abgenix Inc	294,980.00
ACRI	Acacia Resh Corp	209,592.00
ACRU	Accrue Software Inc	10,896.00
ACLA	Aclara Biosciences Inc	24,940.00
ACME	Acme Communications Inc	189,630.00
ATVI	Activision Inc New	2,282,663.00
ACTL	Actel Corp	915,946.50
CPTV	Actionpoint Inc	26,240.00
ACTU	Actuate Corp	963,000.00
ADPT	Adaptec Inc	361,362.00
ADTK	Adept Technology Inc	45,150.00
ADBE	Adobe Sys Inc	2,057,700.00
MKT	Advanced Marketing Svcs Inc	849,797.10
AFCI	Advanced Fibre Communications	398,614.00
API	Advanced Photonix Inc	34,100.00
ATIS	Advanced Tissue Sciences Inc	160,416.00
AEHR	Aehr Test Sys	86,268.00
AMD	Advanced Micro Devices Inc	329,508.00
A	Agilent Technologies Inc	368,940.00
AGIL	Agile Software Corp Del	186,112.00
AMI	Alaris Med Inc	654,678.00
ALDA	Aldila Inc	16,536.00
ALGN	Align Technology Inc	24,650.10
AGN	Allergan Inc	10,746,750.00
AFOP	Alliance Fiber Optic Prods Inc	22,436.00
ALLP	Alliance Pharmaceutical Corp	40,796.00

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Ticker	Company Name	Market Value
ALSC	Alliance Semiconductor Corp	\$434,520.00
ATGI	Alpha Technologies Group Inc	41,868.00
ALTR	Altera Corp	708,560.00
ANFI	American Natl Finl Inc	37,152.00
APPX	American Pharmaceutical Part	465,972.00
AMS	American Shared Hosp Svcs	39,200.00
AWR	American Sts Wtr Co	957,312.50
AMN	Ameron Intl Corp	715,275.00
AMGN	Amgen Inc	27,808,320.00
AMTA	Amistar Corp	14,300.00
AXC	Ampex Corp Del	14,960.00
AMLN	Amylin Pharmaceuticals Inc	1,219,810.00
AAPL	Apple Computer	10,913,748.00
AHG	Apria Healthcare Group Inc	722,960.00
AICX	Applied Imaging Corp	92,630.00
AMAT	Applied Materials Inc	75,226,002.00
APSG	Applied Signal Technology Inc	188,325.00
AMEV	Applied Molecular Evolution In	159,528.00
ARDM	Aradigm Corp	194,589.80
ARNA	Arena Pharmaceuticals Inc	179,760.00
AGNT	Argonaut Technologies Inc	45,030.00
ARBA	Ariba Inc	350,581.00
ARTI	Artisan Components Inc	230,400.00
ARTC	Arthrocare Corp	421,808.00
ASNT	Asante Technologies	2,178.00
ASHW	Ashworth Inc	179,299.00
ASPT	Aspect Communications Inc	256,960.00
ASPE	Aspeon Inc	2,583.00
ARDI	At Rd Inc	509,025.00
ASYT	Asyst Technologies Inc	891,330.00
ATML	Atmel Corp	7,386,800.00
AVSV	Audio Visual Svcs Corp	7.11
ASPX	Auspex Sys Inc	16,390.30

*Appendix D: CalPERS Investments in California Publicly-Traded Companies — Continued*

<b>Ticker</b>	<b>Company Name</b>	<b>Market Value</b>
ABTL	Autobytel Inc	\$134,505.00
AIMM	Autoimmune Inc	30,080.00
AVN	Avanir Pharmaceuticals	87,360.00
AVNX	Avanex Corp	55,872.00
AVY	Avery Dennison Corp	4,467,800.00
AVGN	Avigen Inc	287,946.00
BEIQ	Bei Technologies Inc	271,078.75
BARZ	Barra Inc	1,380,307.50
BVC	Bay View Cap Corp Del	603,559.19
BEAS	Bea Sys Inc	1,017,570.00
BEBE	Bebe Stores Inc	781,266.45
BI	Bell Inds Inc	47,054.76
BELM	Bell Microproducts Inc	224,595.00
BRY	Berry Pete Co	1,160,965.00
BYNDQ	Beyond Com Corp	215.58
BDOG	Big Dog Hldgs Inc	11,322.00
BIO	Bio Rad Laboratories Inc	3,396,183.75
BMRN	Biomarin Pharmaceutical Inc	313,661.90
BMRA	Biomerica Inc	4,830.00
BVA	Bionova Hldg Corp	8,466.50
BIOI	Biosource Intl Inc	85,550.00
BSTE	Biosite Inc	633,375.00
BORL	Borland Software Corp	1,092,830.00
BRID	Bridgford Foods Corp	389,766.44
BTSR	Brightstar Information	1,161.00
BDE	Brilliant Digital Entmt Inc	17,856.00
BRIO	Brio Software Inc	54,096.00
BSML	Britesmile Inc	129,639.00
BRCM	Broadcom Corp	710,370.00
BRCD	Brocade Communications Sys Inc	26,705,944.00
BMHC	Building Matls Hlds Corp	287,400.00
CKR	Cke Restaurants Inc	1,350,806.00
CNF	Cnf Inc	43,451,019.00
CNET	Cnet Networks Inc	93,729.00

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<b>Ticker</b>	<b>Company Name</b>	<b>Market Value</b>
CVBF	Cvb Finl Corp	\$1,917,745.95
CVTX	Cv Therapeutics Inc	431,984.00
BCSID	Cacheflow Inc	20,570.00
CDN	Cadence Design Sys Inc	1,171,924.00
CLCI	Cadiz Inc	462,345.60
CLIC	Calico Comm Inc	3,162.45
CAMP	California Amplifier Inc	98,800.00
CALC	California Coastal Cmnty Inc	130,340.00
CFNB	California First Natl Bancorp	762,192.00
CAMD	California Micro Devices Corp	179,324.00
CPKI	California Pizza Kitchen Inc	151,280.00
CWT	California Water Service Grp	831,600.00
CALP	Caliper Technologies Corp	239,645.00
ELY	Callaway Golf Co	221,760.00
CPN	Calpine Corp	8,833,898.00
CADA	Cam Comm Solutions Inc	30,855.00
CCOW	Capital Corp Of The West	192,412.71
CPH	Capital Pac Hldgs Inc	135,705.00
CPST	Capstone Turbine Corp	34,528.00
DFIB	Cardia Science Inc	95,718.00
CRDM	Cardima Inc	14,355.00
CDIC	Cardiodynamics Intl Corp	223,572.00
CGCP	Cardiogenesis Corp Calif	85,239.00
CESI	Catalytica Energy Sys Inc	67,194.24
CATT	Catapult Communications Corp	629,884.80
CATY	Cathay Bancorp Inc	522,887.40
CEGE	Cell Genesys Inc	722,120.13
CLTK	Celeritek Inc	120,780.00
CLGY	Cellegy Pharmaceuticals Inc	57,200.00
CTLM	Centillum Communications Inc	292,992.00
CENT	Central Garden + Pet Co	447,015.00
MBNEQ	Centura Software Corp	66.60
CENX	Century Alum Co	466,057.00
CPHD	Cepheid	161,791.00

*Appendix D: CalPERS Investments in California Publicly-Traded Companies — Continued*

<b>Ticker</b>	<b>Company Name</b>	<b>Market Value</b>
CRDN	Ceradyne Inc Calif	\$176,764.00
CERS	Cerus Corp	802,956.00
CTU	Chad Therapeutics Inc	68,507.80
CHNL	Channell Coml Corp	46,900.00
CHIC	Charlotte Russe Hldg Inc	259,028.00
CAKE	Cheesecake Factory	510,025.00
CHKE	Cherokee Inc Del New	255,471.00
CVX	Chevrontexaco Corp	78,955,186.50
CHPC	Chippac Inc	273,774.00
CHIR	Chiron Corp	1,403,395.00
CTEC	Cholestech Corp	212,055.00
CHRD	Chordiant Software Inc	38,415.00
CVSN	Chromavision Med Sys Inc	57,817.00
CIPH	Ciphergen Biosystems Inc	37,771.00
CSCO	Cisco Sys Inc	201,384,711.00
CYN	City Natl Corp	155,875.00
CLV	Classic Vacation Group Inc	3,690.00
CLAC	Clickaction Inc	18,411.00
CLX	Clorox Co	3,365,890.00
CRV	Coast Distr Sys	42,884.00
PAR	Coastcast Corp	48,090.00
COHR	Coherent Inc	1,292,569.00
CSO	Cohesion Technologies Inc	69,230.00
COHU	Cohu Inc	632,880.00
CMRO	Comarco Inc	109,138.00
CMRCD	Commerce One Inc Del	44,194.00
CWBC	Community West Bancshares	68,228.00
CATZ	Computer Access Technology Co	179,675.30
RBOT	Computer Motion Inc	14,874.00
CSC	Computer Sciences Corp	6,147,080.00
CMTO	Com21 Inc	27,405.00
CPTS	Conceptus Inc	379,270.00
CDTS	Conductus Inc	13,200.00
CNCT	Connetics Corp	594,274.00



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<b>Ticker</b>	<b>Company Name</b>	<b>Market Value</b>
CPSS	Consumer Portfolio Svcs Inc	\$94,605.00
COO	Cooper Cos Inc	1,389,450.00
COCO	Corinthian Colleges Inc	568,504.75
CVAS	Corvas International Inc	88,795.00
CRVL	Corvel Corp	567,770.76
CPWM	Cost Plus Inc Calif	983,064.22
CCR	Countrywide Cr Inds Inc	6,460,675.00
CMOS	Credence Systems Corp	542,340.40
CPTH	Critical Path Inc	7,650.00
CUB	Cubic Corp	2,452,950.00
CURN	Curon Med Inc	9,369.00
CYBS	Cybersource Corp Del	195,112.00
CYGN	Cygnus Inc	123,840.00
CYLK	Cylink Corp	80,136.30
CYMI	Cymer Inc	595,680.00
DDIC	Ddi Corporation	18,000.00
STXN	Dmc Stratex Networks Inc	278,787.00
DPAC	Dpac Technologies Corp	67,824.00
DSPG	Dsp Group Inc	1,172,080.00
DJCO	Daily Journal Corp	5,200.00
DATM	Datum Inc	104,434.00
DVA	Davita Inc	1,418,480.00
DECK	Deckers Outdoor Corp	100,107.00
DLM	Del Monte Foods Co	978,220.00
DGEN	Deltagen Inc	32,585.00
DMI	Depomed Inc	84,048.00
DP	Diagnostic Prods Corp	3,009,025.00
DDRX	Diedrich Coffee Inc	33,440.00
DGIN	Digital Insight Corp	1,000,324.50
DPW	Digital Pwr Corp	2,100.00
DTHK	Digitalthink Inc	29,820.00
DIOD	Diodes Inc	213,676.50
DNEX	Dionex Corp	857,280.00
DPII	Discovery Partners Intl Inc	242,720.00

*Appendix D: CalPERS Investments in California Publicly-Traded Companies — Continued*

<b>Ticker</b>	<b>Company Name</b>	<b>Market Value</b>
DIS	Disney Walt Co	\$13,885,830.00
DITC	Ditech Communications Corp	106,500.00
DVSA	Diversa Corp	163,180.00
DCNT	Docent Inc	75,095.00
DOCX	Document Sciences Corp	35,482.00
DCTM	Documentum Inc	712,800.00
DOL	Dole Food Inc	1,539,868.75
HIL	Dot Hill Systems Corp	147,391.20
DSL	Downey Finl Corp	2,724,338.10
DRXR	Drexler Technology Corp	339,120.00
DRYR	Dreyers Grand Ice Cream Inc	3,436,860.00
DCO	Ducommun Inc Del	392,288.00
DRRX	Durect Corp Inc	132,800.00
EELN	E Loan Inc	61,600.00
EPNY	E Piphany Inc	133,017.00
ESST	Ess Technology Inc	1,980,266.00
ET	E Trade Group Inc	1,038,492.00
ERTH	Earthshell Corp	132,940.00
EWBC	East West Bancorp Inc	1,526,647.00
EBAY	Ebay Inc	505,284.00
ELON	Echelon Corp	369,656.00
ESSIE	Eco Soil Sys Inc	626.40
EDEL	Edelbrock Corp	203,984.00
EIX	Edison Intl	5,691,600.00
EW	Edwards Lifesciences Corp	672,800.00
EGAN	Egain Communications Corp	2,715.18
EGHT	8x8 Inc New	23,664.00
ELRC	Electro Rent	858,639.00
EGLS	Electrogilas Inc	318,000.00
ERTS	Electronic Arts Inc	12,542,895.00
EFII	Eletronics For Imaging Inc	5,056,198.00
ELTE	Elite Information Group Inc	278,600.00
EMBT	Embarcadero Tech Inc	254,616.00
ENPT	En Pointe Technologies Inc	18,816.00

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Ticker	Company Name	Market Value
ENDO	Endocare Inc	\$352,707.00
ELGX	Endologix Inc	31,302.00
EVC	Entravision Com Corp	1,247,050.00
ESAN	Entrada Networks Inc	3,006.15
EPMN	Epimmune Inc	37,299.99
EPIC	Epicor Software Corp	138,372.00
EMAK	Equity Marketing Inc	218,625.00
ETRX	Essential Therapeutics Inc	68,058.00
EXAR	Exar Corp	758,727.00
EXEL	Exelixis Inc	179,974.53
EXPO	Exponent Inc	343,406.00
EXTN	Extensity Inc	47,304.00
EXTR	Extreme Networks Inc	7,945,875.00
EXLT	Exult Inc Del	193,050.00
FAOO	Fao Inc	102,555.00
FTUS	Factory 2 U Inc	272,845.00
FIC	Fair Issac + Co Inc	2,065,189.23
FARM	Farmer Bros Co	1,088,310.00
FBST	Fiberstars Inc	45,747.00
FNIS	Fidelity Natl Info Solutions	831,768.00
FNF	Fidelity Natl Finl Inc	3,282,829.20
FILE	Filenet Corp	911,687.50
ROMN	Film Roman Inc	1,680.00
FNSR	Finisar Corp	59,250.00
FAF	First American Corp	1,685,785.00
FCGI	First Consulting Group	310,460.00
FRC	First Rep Bk San Francisco Ca	659,587.50
FVCX	First Virtual Communications	42,590.25
FED	Firstfed Finl Corp Del	893,925.00
FAME	Flamemaster Corp	1,519.05
FLE	Fleetwood Enterprises Inc	457,620.00
FCSE	Focus Enhancements Inc	13,926.96
FOOT	Foothill Indpt Bancorp	147,314.00
FRTL	Fortell Inc	1,568.00

*Appendix D: CalPERS Investments in California Publicly-Traded Companies — Continued*

<b>Ticker</b>	<b>Company Name</b>	<b>Market Value</b>
FUSA	Fotball Usa Inc	\$39,816.00
FDRY	Foundry Networks Inc	6,630,696.00
FMT	Fremont Gen Corp	456,456.00
SALD	Fresh Choice Inc	46,800.00
GBCB	Gbc Bancorp Calif	512,415.00
LTUS	Garden Fresh Restaurantcorp	104,280.00
GMSTE	Gemstar Tv Guide Intl Inc	829,521.00
GY	Gencorp Inc	1,714,927.50
GNLB	Genelabs Technologies Inc	239,592.00
GCOR	Genencor Intl Inc	153,703.00
DNA	Genentech Inc	2,589,550.00
GMH	General Mtrs Corp	13,360,880.00
GGNS	Genus Inc	77,007.00
GNT	Genstar Therapeutics Corp	5,868.00
GWRX	Geoworks	5,936.00
GERN	Geron Corp	169,918.00
GPOL	Giant Group Ltd	24,645.00
GIGA	Giga Tronics Inc	27,495.00
GILD	Gilead Sciences Inc	2,515,320.00
GISH	Gish Biomedical Inc	3,903.50
HOO	Glacier Water Services Inc	13,100.00
GEPT	Global E Point Inc	14,431.72
GSB	Golden St Bancorp Inc	1,373,875.00
VINT	Golden St Vintners Inc	30,576.00
GDW	Golden West Finl Corp Del	15,117,844.00
GGUY	Good Guys Inc	124,256.00
GOT	Gottschalks Inc	82,314.00
GVA	Granite Constr Inc	3,024,615.00
GBBK	Greater Bay Bancorp	749,928.80
GES	Guess Inc	584,640.00
GTRC	Guitar Ctr Inc	628,845.00
GYMB	Gymboree Corp	1,526,305.50
HPLAE	Hpl Technologies Inc	558,726.00
HAKI	Hall Kinion + Assoc Inc	163,718.00

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<b>Ticker</b>	<b>Company Name</b>	<b>Market Value</b>
HLIT	Harmonic Inc	\$219,357.05
HNR	Harvest Nat Res Inc	669,500.00
HAUS	Hauser Inc	2,800.13
HTHR	Hawthorne Finl Corp	272,244.00
HNT	Health Net Inc	40,743,565.22
HTBK	Heritage Comm Corp	20,160.00
HPQ	Hewlett Packard Co	94,133,662.40
HIFN	Hi / Fn Inc	53,782.05
HSR	Hi Shear Technology Corp	27,800.00
HLT	Hilton Hotels Corp	54,210.00
HORT	Hines Horticulture Inc	235,290.00
HEPH	Hollis Eden Pharmaceuticals	134,160.00
HOMS	Homestore Inc	34,560.00
HOTT	Hot Topic Inc	1,549,180.00
HTHEQ	House2home Inc	274.25
HBEK	Humboldt Bancorp	38,663.00
HYBD	Hycor Biomedical Inc	81,152.28
ICN	Icn Pharmaceuticals Inc	847,350.00
HYSL	Hyperion Solutions Corp	1,149,132.27
HYSQ	Hyseq Inc	85,125.00
ICUI	Icu Medical Inc	1,051,836.00
IDPH	Idec Pharmaceuticals Corp	609,740.00
IHP	Ihop Corp New	1,074,925.00
ITLA	Itla Cap Corp	380,032.00
XXIA	Ixia	67,512.00
IDNX	Identix Inc	834,866.63
ILMN	Illumina Inc	45,024.00
DISK	Image Entmt Inc	74,534.00
IW	Imageware Sys Inc	8,640.00
IMAN	Imanage Inc	37,800.00
IMMR	Immersion Corp	1,456.00
IMNR	Immune Response Corp Del	23,660.00
IMCO	Impco Technologies Inc	246,280.00
IPXL	Impax Laboratories Inc	181,258.00

*Appendix D: CalPERS Investments in California Publicly-Traded Companies — Continued*

<b>Ticker</b>	<b>Company Name</b>	<b>Market Value</b>
ICIE	Imperial Cr Inds Inc	\$2,033.98
IMDC	Inamed Corp	257,841.75
INCY	Incyte Genomics Inc	290,800.00
IINT	Indus Intl Inc	152,960.00
NDE	Indymac Bancorp Inc	285,768.00
INFA	Informatica Corp	299,198.00
IN	Infonet Svcs Corp	481,864.00
INGE	Ingenuus Corporation	675.00
IM	Ingram Micro Inc	4,989,875.00
INHL	Inhale Therapeutic Sys	216,372.00
INKT	Inktomi Corp	29,304.00
ISV	Insite Vision Inc	101,500.00
INSN	Insilicon Inc	26,070.00
INSW	Insweb Corp	7,499.25
IDTI	Integrated Device Technology	226,750.00
ISSI	Integrated Silicon Solution	358,584.00
INTC	Intel Corp	100,632,073.50
ITXI	Intergrated Telecom Express	2,737.00
DENT	Interdent Inc	946.00
LINK	Interlink Electrs	68,022.50
ITMN	Intermune Inc	481,080.00
IAIS	International Aircraft Invs	8,774.00
IAL	International Alum Corp	319,800.00
IMSI	Intl Microcomp Software Inc	7,280.00
IRF	International Rectifier Corp	717,090.00
IRI	International Remote Imaging	35,784.00
IPIX	Internet Pictures Corp	500.00
BONZ	Interpore Intl	250,453.00
ISIL	Intersil Corp	1,052,152.56
IVBK	Intervisual Books Inc	3,097.00
IVAC	Intevac Inc	92,500.00
IWOV	Interwoven Inc	147,315.00
IBPI	Intrabiotics Pharmaceuticals	9,360.00
ITRA	Intraware Inc	3,000.00

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Ticker	Company Name	Market Value
INTU	Intuit	\$4,534,464.00
INVN	Invision Technologies Inc	437,296.00
SAFE	Invivo Corp	220,520.00
IRIX	Iridex Corp	65,472.00
ISIS	Isis Pharmaceuticals	726,564.00
SYXI	Ixys Corp Del	100,692.08
JDSU	Jds Uniphase Corp	12,007,257.00
JMAR	Jmar Technologies Inc.	69,646.00
JNIC	Jni Corp	45,500.00
JCOM	J2 Global Communications	264,900.89
JBX	Jack In The Box Inc	1,260,075.00
JEC	Jacobs Engr Group Inc	1,052,790.60
JAKK	Jakks Pac Inc	593,727.75
JNPR	Juniper Networks Inc	5,650,000.00
KLAC	Kla Tencor Corp	8,063,367.00
KSWS	K Swiss Inc	980,095.50
KTO	K2 Inc	277,119.00
KANA	Kana Software Inc	1,720.00
KBH	Kb Home	206,040.00
TKCI	Keith Cos Inc	38,050.00
KWIC	Kennedy Wilson Inc	123,490.00
KERA	Keravision Inc	280.50
KMED	Key3media Group Inc	16,698.00
KEYN	Keynote Sys Inc	279,624.00
KEYS	Keystone Automotive Inds Inc	987,276.40
KIT	Kit Mfg Co	7,280.00
KFY	Korn / Ferry Intl	412,230.00
KOSN	Kosan Biosciences Inc	49,647.00
KAUSQ	Krauses Furniture Inc	0.00
KLOC	Kushner Locke Co	171.50
LSI	Lsi Logic Corp	591,500.00
LJPC	La Jolla Pharmaceutical Co	398,125.00
LRCX	Lam Resh Corp	276,892.00
LNDC	Landec Corp	156,870.00

*Appendix D: CalPERS Investments in California Publicly-Traded Companies — Continued*

<b>Ticker</b>	<b>Company Name</b>	<b>Market Value</b>
LSBC	Large Scale Biology Corp	\$32,700.00
LARS	Larscom Inc	16,864.00
LPAC	Laser Pac Media Corp	53,463.00
LSCP	Laserscope	30,375.00
LATD	Latitude Communications Inc	38,280.00
LTRE	Learning Tree Intl Inc	524,682.00
LTWC	Learn2 Corp	4,864.87
LGTO	Legato Systems Inc	178,315.20
LEXR	Lexar Media Inc	83,265.00
LBRT	Liberate Technologies	116,907.70
LWIRA	Liberty Livewire Corp	24,402.00
PPBI	Life Finl Corp	19,810.00
LFP	Lifepoint Inc	13,824.00
LGND	Ligand Pharmaceuticals Inc	1,426,191.00
LLTC	Linear Technology Corp	42,383,355.00
LQID	Liquid Audio Inc	82,320.00
MAXW	L90 Inc	14,100.00
LOGC	Logic Devices Inc	14,578.00
LDG	Longs Drug Stores Corp	1,213,641.00
LYNX	Lynx Therapeutics Inc	29,412.00
WLS	Lyon William Homes	408,985.00
NOW	Mai Sys Corp	5,011.71
MAII	Maii Holdings Inc	6,162.00
MRVC	Mrv Communications Inc	33,660.00
MNS	Msc Software Corp	398,275.00
MTIC	Mti Technology Corp	44,287.00
MVSN	Macrovision Corp	262,200.00
MACR	Macromedia Inc	157,886.00
MAG	Magnetek Inc	336,600.00
MRBA	Marimba Inc	4,950.00
MKTW	Marketwatch Com Inc	187,530.00
MAT	Mattel Inc	2,968,064.00
MTSN	Mattson Technology Inc	288,629.88
MXO	Maxtor Corp	1,195,530.96



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Ticker	Company Name	Market Value
MXIM	Maxim Integrated Prods Inc	\$51,956,315.00
MAXM	Maxim Pharmaceuticals Inc	21,373.00
MXWL	Maxwell Technologies Inc	145,746.08
MAXY	Maxygen Inc	179,685.00
MAXIQ	Maxicare Health Plans Inc	46.40
MCAF	Mcafee Com Corp	232,410.00
MNI	Mcclatchy Co	301,975.00
MGRC	Mcgrath Rentcorp	995,328.00
MCK	Mckesson Corp	13,115,970.00
MEAD	Meade Instrs Corp	142,884.00
MEDC	Med Design Corp	68,582.00
MDA	Media Arts Group Inc	161,925.00
MEDS	Medstone Intl Inc New	83,325.00
MNTR	Mentor Corp Minn	1,687,696.27
MAX	Mercury Air Group Inc	88,183.55
MSEL	Merisel Inc	22,459.80
MLIN	Micro Linear Corp	118,125.00
MTIX	Micro Therapeutics Inc New	104,250.00
MUSE	Micromuse Inc	192,096.00
MSCC	Microsemi Corp	288,420.00
MDST	Mid State Bancshares	198,790.00
MRVT	Miravant Med Technologies	27,825.00
MITK	Mitek Sys Inc	21,838.32
MODT	Modtech Hldgs Inc	256,269.45
MDCC	Molecular Devices Corp	416,342.00
MOND	Mondavi Robert Corp	414,183.00
MBBC	Monterey Bay Bancorp Inc	84,600.00
PSTA	Monterey Pasta Co	196,144.00
MOSS	Mossimo Inc	417,105.00
NQLIQ	Nql Inc	207.00
NTN	Ntn Communications Inc	63,135.00
NGEN	Nanogen Inc	113,750.00
NANO	Nanometrics Inc	288,997.80

*Appendix D: CalPERS Investments in California Publicly-Traded Companies — Continued*

<b>Ticker</b>	<b>Company Name</b>	<b>Market Value</b>
NARA	Nara Bancorp Inc	\$57,525.00
NVH	National R V Hldgs Inc	192,000.00
NSM	National Semiconductor Corp	46,672.00
NTSC	National Technical Sys Inc	51,894.62
NTOL	Natrol Inc	35,837.50
NAII	Natural Alternatives Intl Inc	47,100.00
NATWQ	Natural Wonders Inc	0.00
NEOF	Neoforma Inc New	144,189.00
NMGC	Neomagic Corp	111,986.00
NET	Networks Assocs Inc	1,115,733.00
NGRU	Netguru Com Inc	61,425.00
NMGDE	Netmanage Inc	115,920.00
NTPA	Netopia Inc	75,894.00
NTRO	Netro Corp	41,496.00
NTIQ	Netiq	745,205.90
NTRT	Netratings Inc	128,100.00
NWK	Network Equip Technologies	212,205.00
NCDIE	Network Computing Devices Inc	1,572.00
NTII	Neurobiological Technologies	15,264.00
NBIX	Neurocrine Biosciences Inc	1,432,500.00
NCEN	New Centy Finl Corp	2,922,617.75
NUFO	New Focus Inc	52,569.00
NEWH	New Horizons Worldwide Inc	202,200.17
NEWP	Newport Corp	364,878.00
NICH	Nitches Inc	13,659.58
NASI	North Amern Scientific Inc	156,366.00
NOC	Northrop Grumman Corp	2,549,875.00
NMTC	Numerical Technologies Inc	63,520.50
NVDA	Nvidia Corp	365,934.00
OSIS	Osi Sys Inc	866,571.00
OAKT	Oak Technology	431,364.72
OO	Oakley Inc	2,524,740.00
OXY	Occidental Pete Corp	30,505,828.00
OCLR	Ocular Sciences Inc	1,542,300.00

<b>Ticker</b>	<b>Company Name</b>	<b>Market Value</b>
OVTI	Omnivision Technologies Inc	\$578,144.00
ZONE	Omni Nutraceuticals Inc	87.40
ASGN	On Assignment Inc	763,620.00
ONYX	Onyx Accep Corp	68,060.00
ONXX	Onyx Pharmaceuticals Inc	176,562.00
OPWV	Openwave Sys Inc	179,520.00
OPLK	Oplink Communications Inc	79,643.00
ORCL	Oracle Corp	14,311,064.00
OPTI	Opti Inc	46,618.00
OVRL	Overland Storage Inc	329,600.00
OVER	Overture Svcs Inc	452,138.00
MALL	Pc Mall Inc	60,800.00
PCTI	Pc Tel Inc	299,528.25
PDFS	Pdf Solutions Inc	112,574.00
PCG	Pg+E Corp	3,810,570.00
PFB	Pff Bancorp Inc	883,200.00
PICO	Pico Hldgs Inc	690,985.57
PLXT	Plx Technology Inc	31,875.00
PMCS	Pmc Sierra Inc	10,672,551.00
PMI	Pmi Group Inc	1,207,120.00
PACW	Pac West Telecomm Inc	36,256.00
SABB	Pacific Cap Bancorp New	1,264,040.04
PCCI	Pacific Crest Cap Inc	121,274.75
PGEXQ	Pacific Gateway Exchange Inc	203.00
PMBC	Pacific Mercantile Bancorp	13,205.00
PSUN	Pacific Sunwear Of Calif	1,467,809.19
PHSY	Pacificare Health Systems	794,240.00
PKTR	Packeteer Inc	199,342.00
PTIE	Pain Therapeutics Inc	51,832.00
PVIS	Panavision Inc	38,769.38
PFCO	Paula Finl Del	13,224.00
PRLS	Peerless Sys Corp	57,960.00
PTACQ	Pentacon Inc	2,015.00
PRGN	Peregrine Sys Inc	3,000.00

*Appendix D: CalPERS Investments in California Publicly-Traded Companies — Continued*

<b>Ticker</b>	<b>Company Name</b>	<b>Market Value</b>
PSEM	Pericom Semiconductor Corp	\$492,482.28
PCYC	Pharmacyclics Inc	108,780.00
PTEC	Phoenix Technology Ltd	389,060.00
PHTN	Photon Dynamics Inc	768,000.00
PILTQ	Pilot Network Svcs Inc	63.90
PNK	Pinnacle Entmt Inc	415,633.00
PCLE	Pinnacle Sys Inc	1,010,196.79
PLT	Plantronics Inc New	872,559.00
PTSX	Point 360	64,832.40
PWCC	Point West Cap Corp	218.25
POWI	Power Integrations	854,047.60
PWER	Power One Inc	228,896.00
PWAV	Powerwave Technologies Inc	597,644.20
PRVO	Prvio Inc	19,221.00
XLG	Price Legacy Corp	242,049.50
PSMT	Pricesmart Inc	367,188.75
PTNX	Printronix Corp	514,687.50
PRBZ	Probusiness Svcs Inc	617,725.60
PRCM	Procom Technology Inc	14,469.00
PDLI	Protein Design Labs Inc	395,304.00
PZA	Provena Foods Inc	270.00
PROV	Provident Finl Hldgs Inc	265,440.00
PVN	Providian Finl Corp	185,220.00
PROX	Proxim Corp	330,375.84
PUMA	Pumatech Inc	24,584.00
QRSI	Qrs Corp	202,540.00
QADI	Qad Inc	278,160.00
QMDCE	Quadramed Corp	293,055.75
QCBC	Quaker City Bancorp Inc	148,822.06
QCOM	Qualcomm Inc	296,892.00
QSII	Quality Systems	283,080.00
DSS	Quantum Corp	4,586,610.00
QTRAQ	Quentra Networks Inc	5.92
QSFT	Quest Software Inc	451,883.00

Ticker	Company Name	Market Value
QSC	Questcor Pharmaceuticals Inc	\$84,826.00
QUIK	Quicklogic Corp	128,139.00
ZQK	Quiksilver Inc	866,760.00
QDEL	Quidel Corp	298,337.00
QKKAQ	Quokka Sports Inc	55.80
RNBO	Rainbow Technologies Inc	217,956.00
RMBS	Rambus Inc Del	174,234.00
RDRT	Read Rite Corp	87,888.00
RDLA	Reading Intl Inc	150,103.80
RBAK	Redback Networks Inc	69,810.00
REBC	Redwood Empire Bancorp	365,790.00
RS	Reliance Stl + Alum Co	1,650,812.50
REMC	Remec Inc	379,516.50
REMX	Remedytemp	302,120.00
RSTO	Restoration Hardware Inc Del	385,860.00
RMD	Resmed Inc	452,760.00
RSNT	Resonate Inc	133,066.80
RECN	Resources Connection Inc	116,057.00
REXLE	Rexhall Inds Inc	56,031.15
RIGL	Rigel Pharmaceuticals Inc	250,755.00
RITA	Rita Med Sys Inc Del	338,008.00
RHI	Robert Half Intl Inc	10,444,225.00
ROST	Ross Stores Inc	342,300.00
ROYL	Royale Energy Inc	34,559.04
RUBO	Rubios Restaurants Inc	123,247.80
RYL	Ryland Group Inc	1,006,193.75
SBEI	Sbe Inc	16,835.00
SCMM	Scm Microsystems Inc	101,688.00
SKP	Scpie Hldgs Inc	141,056.00
SJW	Sjw Corp	356,400.00
SRSL	Srs Labs Inc	60,258.00
SSET	Sse Telecom Inc	108.00
WINS	Sm+A	148,960.00
STMI	Stm Wireless Inc	18,400.00

*Appendix D: CalPERS Investments in California Publicly-Traded Companies — Continued*

<b>Ticker</b>	<b>Company Name</b>	<b>Market Value</b>
SVI	Svi Solutions Inc	\$42,705.00
SABA	Saba Software Inc	75,480.00
SFGD	Safeguard Health Enterprises	33,480.00
SWY	Safeway Inc	35,334,495.00
SALM	Salem Communications Corp Del	4,974.00
SNDK	Sandisk Corp	380,680.00
SGMO	Sangamo Biosciences Inc	298,704.00
SANM	Sanmina Sci Corp	7,679,901.00
SANG	Sangstat Med Corp	1,005,375.00
ESH	Scheib Earl Inc	29,400.00
SVIN	Scheid Vineyards Inc	19,581.00
SCH	Schwab Charles Corp	38,261,440.00
SCLN	Sciclone Pharmaceuticals Inc	98,200.00
STIZ	Scientific Technologies Inc	28,760.00
SCIO	Scios Inc	2,125,252.30
SCP	Scope Inds	100,800.00
SCUR	Secure Computing Corp	329,935.00
SBYN	Seebeyond Technology Corp	74,090.00
SLTC	Selectica Inc Del	209,616.00
SRE	Sempra Energy	181,466.00
SQNM	Sequenom Inc	60,716.00
SRLS	Seracare Life Sciences Inc	55,178.00
SRNA	Serena Software Inc	262,988.16
SHRP	Sharper Image Corp	717,340.00
SHOE	Shoe Pavilion Inc	9,699.00
SCRI	Sicor Inc	287,370.00
SEBL	Siebel Sys Inc	6,620,832.00
SIGM	Sigma Designs	64,750.00
SEYE	Signature Eyewear Inc	1,287.00
SGI	Silicon Graphics Inc	1,086,918.00
SSTI	Silicon Storage Technology Inc	329,940.00
SIMG	Silicon Image Inc	325,584.00
SIVB	Silicon Vy Bancshares	247,784.00
SILI	Siliconix Inc	299,160.00

<b>Ticker</b>	<b>Company Name</b>	<b>Market Value</b>
STEC	Simpletech Inc	\$141,515.00
SSD	Simpson Mfg Inc	457,040.00
SMDI	Sirenza Microdevices Inc	12,524.00
SKX	Skechers U S A Inc	395,463.00
SMF	Smart + Final Inc	609,960.00
SMSI	Smith Micro Software Inc	32,500.50
SOFN	Softnet Sys Inc	120,218.24
SOL	Sola Intl Inc	423,200.00
SLR	Solectron Corp	15,202,775.40
SMRA	Somera Communications Inc	106,386.00
SNIC	Sonic Solutions	176,467.80
SBLU	Sonicblue Inc	218,678.27
SNWL	Sonicwall Inc	178,210.00
FIBR	Sorrento Networks Corp	21,408.00
SWTX	Southwall Technologies Inc	105,105.00
SWWC	Southwest Wtr Co	272,478.42
SP	Specialty Laboratories Inc	196,560.00
SPCT	Spectrian Corp	181,475.00
SPCH	Sport Chalet Inc	90,000.00
SCY	Sports Club Inc	123,250.00
STAA	Staar Surgical Co	173,040.00
STMP	Stamps Com Inc	79,297.00
SPF	Standard Pac Corp New	2,623,001.76
SBAS	Starbase Corp	189.72
STEM	Stemcells Inc	58,968.00
SUMX	Summa Industries	109,984.00
SUNW	Sun Microsystems Inc	4,901,283.00
SLDE	Sunland Entmt Inc	856.00
SRTI	Sunrise Telecom Inc	275,184.00
SCON	Superconductor Technologies	50,655.00
SUPG	Supergen Inc	356,466.00
SUP	Superior Inds Intl Inc	601,250.00
SUPX	Supertex Inc	593,794.00
SPRT	Supportsoft Inc	21,000.00

*Appendix D: CalPERS Investments in California Publicly-Traded Companies — Continued*

<b>Ticker</b>	<b>Company Name</b>	<b>Market Value</b>
SY	Sybase Inc	\$209,945.00
SYMC	Symantec Corp	10,288,620.00
SYMM	Symmetricom Inc	122,640.00
SMMX	Symyx Technologies Inc	201,840.00
SBIO	Synbiotics Corp	3,220.00
SCOR	Syncor Intl Corp New	1,319,062.50
SNPS	Synopsys Inc	822,150.00
SYNP	Synplicity Inc	12,824.00
SMPX	Symphonix Devices Inc	14,190.00
TBA	Tba Entmt Corp	52,500.00
TCSI	Tcsi Corp	33,275.00
THQI	T Hq Inc	3,006,601.50
TVIA	Tvia Inc	16,830.00
TBP	Tab Prods Co	137,025.00
TAG	Tag It Pac Inc	95,175.00
TAIT	Taitron Components Inc	20,860.00
TTLA	Tarantella Inc	39,001.00
TAGS	Tarrant Apparel Group	292,480.00
TMTV	Team Communications Group Inc	144.00
TGAL	Tegal Corp	29,684.00
TRC	Tejon Ranch Co	1,271,400.00
TKLC	Tekelec Inc	204,765.00
TELK	Telik Inc	128,750.00
TELV	Televideo Inc	3,094.12
THC	Tenet Healthcare Corp	5,731,155.00
TERN	Terayon Communication Sys	42,560.00
TTEK	Tetra Tech Inc New	1,339,934.40
TWAV	Therma Wave Inc	146,931.00
THOR	Thoratec Corp	771,953.32
COMS	3com Corp	7,431,160.00
THDOD	3do Co	58,996.17
TDSC	3d Sys Corp Del	345,260.00
TIBX	Tibco Software Inc	125,100.00
TIER	Tier Technologies Inc	445,500.00



<b>Ticker</b>	<b>Company Name</b>	<b>Market Value</b>
TTN	Titan Corp	\$931,674.31
TTP	Titan Pharmaceuticals Inc Del	140,365.00
TIVO	Tivo Inc	77,910.00
TKTL	Track N Trail Inc	22.00
TMTA	Transmeta Corp Del	43,945.00
TRID	Trident Microsystems Inc	128,754.00
TCBK	Trico Bancshares	321,732.00
TRMB	Trimble Navigation Ltd	873,037.50
TMED	Trimedyne Inc	8,820.00
TRPH	Tripath Technology Inc	5,702.55
TZIX	Trizetto Group Inc	583,110.00
TROY	Troy Group Inc	8,500.00
TLRK	Tularik Inc	203,574.00
TMWD	Tumbleweed Communications Corp	59,196.30
TSTN	Turnstone Sys Inc	105,219.00
UCBH	Ucbh Hldgs Inc	1,306,593.75
USHG	U S Home And Garden Inc	34,125.00
URS	Urs Corp New	893,256.00
USLB	Us Laboratories Inc	27,300.00
AGATQ	U S Aggregates Inc	133.20
UTEK	Ultratech Stepper Inc	560,174.00
UNAM	Unico Amern Corp	94,631.00
UNFYE	Unify Corp	31,669.50
ULAB	Unilab Corp New	369,765.00
UB	Unionbancal Corp	215,510.00
UNTD	United Online Inc	132,220.00
UEIC	Universal Electrs Inc	317,152.00
UCL	Unocal Corp	40,634.00
UNA	Unova Inc	570,471.00
VIBC	Vib Corp	258,768.90
VLTS	Valentis Inc	73,834.00
VCLK	Valueclick Inc	57,996.00
VANS	Vans Inc	222,515.40
VARI	Varian Inc	1,737,124.00

*Appendix D: CalPERS Investments in California Publicly-Traded Companies — Continued*

<b>Ticker</b>	<b>Company Name</b>	<b>Market Value</b>
VAR	Varian Med Sys Inc	\$137,870.00
VFLX	Variflex Inc	75,650.00
VXGN	Vaxgen Inc	39,334.00
VCAT	Venture Catalyst Inc Utah	4,048.00
VRTS	Veritas Software Corp	3,346,489.00
VRTY	Verity Inc	174,113.00
VRTL	Vertel Corp	9,264.00
VSNT	Versant Corp	12,450.00
VERS	Versicor Inc	165,435.00
VSAT	Viasat Inc	327,927.00
VLTA	Vialta Inc	81,265.61
VICL	Vical Inc	160,512.00
VRGE	Virage Inc	18,880.00
VIRL	Virage Logic Corp	124,992.00
VIR	Virco Mfg Co	415,348.60
VLGC	Virologic Inc	100,520.00
VMTI	Vista Med Technologies Inc	41,625.00
EYE	Visx Inc	2,041,570.00
VTSS	Vitesse Semiconductor Corp	86,769.00
VITR	Vitria Technology Inc	12,000.00
VVUS	Vivus	1,148,869.00
WDFC	Wd 40 Co	757,848.00
WFSI	Wfs Finl Inc	1,984,484.00
WJCI	Wj Communication Inc	135,488.00
ELVN	Walker Interactive Sys	52,877.00
WCNX	Waste Connections Inc	1,643,224.00
WPI	Watson Pharmaceuticals Inc	5,054.00
WEBX	Webex Communications	281,430.00
WBSN	Websense Inc	263,371.00
WLP	Wellpoint Health Networks Inc	34,283,086.00
WFC	Wells Fargo + Co New	88,451,014.00
WMAR	West Marine Inc	364,425.60
WSTF	Westaff Inc	122,525.00
WABC	Westamerica Bancorporation	228,811.20

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Ticker	Company Name	Market Value
WES	Westcorp Inc	\$2,376,441.00
WDC	Western Digital Corp	932,425.00
WWTR	Western Wtr Co	10,234.00
WTSLA	Wet Seal Inc	1,394,212.50
WSM	Williams Sonoma Inc	2,244,312.00
WLFC	Willis Lease Fin Corp	78,852.88
WIND	Wind Riv Sys Inc	186,372.00
WFII	Wireless Facs Inc	276,360.00
WFHC	Women First Healthcare Inc	336,960.00
SZ	Worldwide Restaurant Concepts	174,628.00
XLNX	Xilinx Inc	1,312,155.00
XICO	Xicor Inc	221,392.00
ZNT	Zenith Natl Ins Corp	1,933,295.00
ZRAN	Zoran Corp	1,002,312.50

## *Appendix E: Statement of Investment Objectives and Policy for the Economically Targeted Investment Program*

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Adopted by the CalPERS Board of Administration Investment Committee on February 14, 2000. This policy shall be effective upon adoption, and supercedes all previous Economically Targeted Investment Policies

### **I. Strategic Objectives**

- A. The primary objective of Economically Targeted Investments (ETI's) is to provide competitive risk adjusted rates of return, while still promoting growth and development of the national and regional economies. ETIs will provide collateral economic benefits to targeted geographic areas, groups of people, or sectors of the economy while providing pension funds with prudent investments.
- B. Furthermore, prudent investment in ETIs is to create jobs, housing and improve the general infrastructure, and serves the broad interests of the beneficiaries of the System. By strengthening the State's economy and the well-being of employers, ETIs help promote the continued maintenance of employer contributions to the California Public Employees' Retirement System (CalPERS).
- C. The Board will consider the secondary objective of promoting economic growth and well being in the state of California and its localities when not in conflict with the Board's duties of loyalty, care, skill, prudence, diligence and diversification. The emphasis

will be on the promotion of long term sustainable economic, industry and business growth, job creation and affordable housing.

- D. All ETI investments shall be consistent with Board's fiduciary obligations and approved investment policies and guidelines.

### **II. Purpose**

- A. For purposes of this policy, an ETI shall be defined as an investment which has collateral intent to assist in the improvement of both national and regional economies, and the economic well-being of the state of California (the state), its localities and residents. Economic stimulation includes job creation, development and savings, business creation, increases or improvement in the stock of affordable housing and improvement of the infrastructure.

### **III. General**

- A. A consistent and methodical means of evaluating all ETI opportunities is of paramount importance. ETIs are not uniform in structure, method or objective. Consequently, a policy to evaluate the risk, return and liquidity characteristics must be established to assure that these investments are comparable on a risk/return basis with more traditional opportunities and are consistent with the financial requirements of CalPERS.

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- B. The lack of homogeneity of these instruments, likewise, makes ETIs difficult to market on a large scale basis. Each ETI be separately evaluated based on its unique structure and potential in accordance with CalPERS investment criteria and this ETI Policy. This will ensure that all CalPERS responsibilities and investment requirements are being addressed in the evaluation and investment process.
- C. The existence of this ETI policy shall not be construed as a mandate to invest in ETIs, but rather should be viewed as an additional set of suggested parameters within which to consider such investments.

#### **IV. Investment Approach and Parameters**

- A. The Board's constitutional duties, as defined and clarified by the recent amendments to California Constitution Article XVI, Section 17, take precedence over any other considerations. Any other considerations will be entertained only when not in conflict with any of these duties. It is recognized that investments made for the sole benefit of the System's beneficiaries may also generate collateral benefits.
- B. CalPERS will only consider ETIs which when judged solely on the basis of economic value, would be financially comparable to alternatively available investments. Comparability will be judged on a risk adjusted basis with CalPERS willing to accept no less in return and incur no additional risk or cost.
- C. The collateral benefits shall not be considered part of the return to CalPERS nor shall any improvement to the State's economy be considered part of risk reduction. The decision to make the ETI and consideration of its broader benefits may only occur after the investments is deemed acceptable to the fund exclusively on its economic investment merits.
- D. Any benefit an ETI may confer on other interests the "target") is not the responsibility or within the ability or control of CalPERS, but only of those who manage or are otherwise responsible for the target enterprise. This will be made expressly clear to third parties and CalPERS beneficiaries.
- E. For allocation purposes, ETIs will be included with similar investments that are free of economically targeted elements, and the combined assets will be subject to the Board's asset allocation guidelines, ranges and targets. Investments shall not be made so as to alter the overall risk/return profile of CalPERS investments, which derives from CalPERS liability profile and funding level.

- F. ETIs shall not materially alter CalPERS' approved asset allocation policies. Particular attention should be paid to the California representation in the CalPERS' portfolio. CalPERS' exposure to the State's economy, inclusive of investment in ETIs, at a minimum, shall generally be in line with California's representation in the eligible investment universe and consistent with the Board's fiduciary obligations.
- G. ETIs must at all times conform to all the laws, requirements, policies and procedures governing CalPERS.
- H. ETIs shall receive the proper level of due diligence consistent with the type of investment product and portfolio classification. This due diligence, to be conducted by staff, designated outside consultants or advisors, shall at a minimum address:
- Legal sufficiency
  - Identification of any potential conflicts of interest
  - Investment Sufficiency—The standard for investment sufficiency shall be consistent with existing internal policies and practices of due diligence analysis for each specific asset type.
- I. CalPERS may invest in ETIs so long as the Board has determined and can demonstrate that the investments properly discharge the Board's duties under the provisions of California Constitution, Article XVI, Section 17—namely, the duties of loyalty, care, skill, prudence, diligence and diversification—and are consistent with the California Government Code statutes applicable to CalPERS (Cal. Gov't Code secs. 20000 et seq.). Consequently, all other economic objectives must necessarily be secondary to—and not impair—those duties imposed by the California Constitution and the CalPERS statutes.
- J. Pursuant to the above criteria, consideration will be given in order of preference to those investments which may benefit:
- (a) Current and retired members of the California Public Employees' Retirement System.
  - (b) Residents of the State of California.
  - (c) Enterprises that operate for the benefit, support, the employment of residents of the State of California.
  - (d) Enterprises that address the economic and social need of the United States residents with unique major representation in the State of California.
- K. ETIs, whether in a stand-alone portfolio or incorporated with like investments which have no economically-targeted orientation, shall be priced at least at market prices and shall be subject to the applicable performance measurements.

### **Keep Abreast of our Investment Activity**

Are you interested in learning more about CalPERS investments? Items for consideration before CalPERS Investment Committee and investment reports can be found on our web site at [www.calpers.ca.gov](http://www.calpers.ca.gov). Click on “CalPERS Board Meeting Information” on our home page, and then “Investment Committee”. You can also view our Comprehensive Annual Financial Report and Annual Investment Report on-line, or call the CalPERS Office of Public Affairs at (916) 326-3991 for a copy.

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